



# Presentation Material for FY2023 Financial Results

Medley, Inc.

February 14, 2024

## Disclaimer

In preparing these materials, Medley, Inc. (“the Company”) relies upon and assumes the accuracy and completeness of all available information. This presentation may contain future assumptions, prospects and forecasts based on planning, but these forward-looking statements are based on the information that is currently available to us, and on certain assumptions that we assume to be reasonable, but the Company does not promise to achieve these. Major differences may occur between the forecast and the actual performance, including changes in economic conditions, consumer needs and user preferences; competition with other companies; changes in laws, regulations and others; and a number of other future factors. Therefore, the actual performance announced may vary depending on these various factors.

## FY2023 Q4 Results

- **Maintained high sales growth rate and achieved positive EBITDA**
  - Sales: JPY 5,030 million (YoY: +36%)
  - EBITDA: JPY 334 million (YoY: +62%)

## FY2023 Full-year Results

- **All key indicators exceeded forecasts**
  - Sales: JPY 20,532 million (YoY: +45%)
  - EBITDA: JPY 3,394 million (YoY: +77%)

## Established New Mid-Term Targets

- **Established new mid-term targets**
  - FY2029 sales of JPY 100 billion, EBITDA of JPY 20 billion
  - Established new profit targets, target high sales growth amid EBITDA profitability in the Medical PF Business

## FY2024 Full-year Forecast

- **Planning investment targeting continued strong sales growth and expansion of the scale of our businesses**
  - Sales: JPY 27,100 million (YoY: +32%, impact of GUYPPY's not included)
  - EBITDA: 3,900 million (EBITDA margin: 14%)
  - Plan to spend JPY 500 million on test marketing in the US, JPY 200 million on development of EMR for acute care hospital, and JPY 200 million on a new business HR PF Business

# 1. FY2023 Q4 Results

2. FY2023 Full-year Results

3. Establishment of New Mid-term Plan

4. FY2024 Full-year Forecast

5. Investment Highlights

# Summary of Consolidated FY2023 Q4 Results

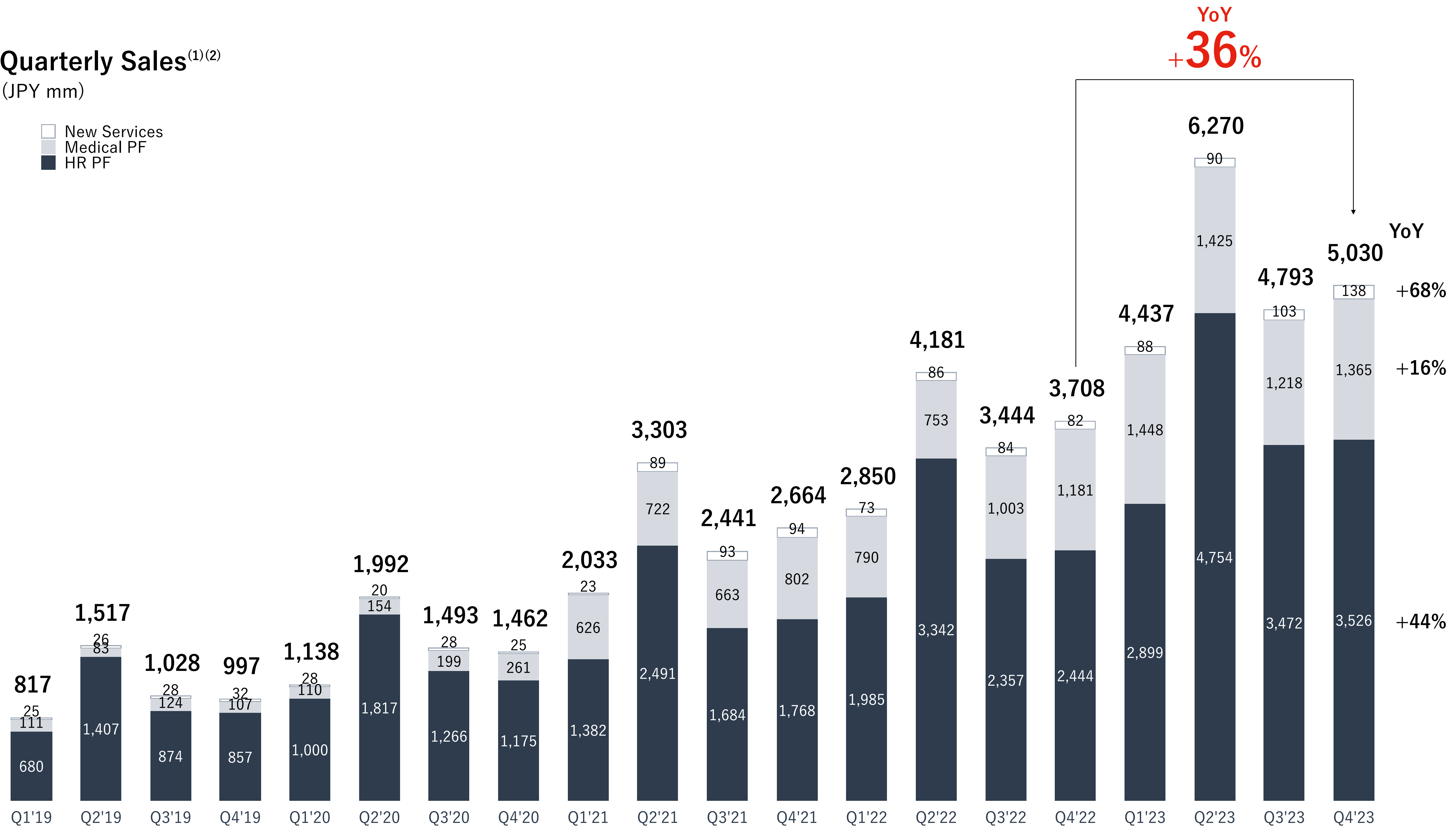
JPY mm	FY2022 Q4	FY2023 Q4	YoY Growth
<b>Sales</b>	<b>3,708</b>	<b>5,030</b>	<b>+36%</b>
<b>Gross Profit</b>	<b>2,395</b>	<b>3,210</b>	<b>+34%</b>
<b>EBITDA</b>	<b>206</b>	<b>334</b>	<b>+128</b>
Operating Profit	44	117	+73
Ordinary Profit	124	525	+401
Profit Attributable to Owners of Parent	60	389	+329

# Maintain High Sales Growth Rate

Strong companywide sales growth of +36% YoY in FY2023 Q4.

## Quarterly Sales<sup>(1)(2)</sup> (JPY mm)

- New Services
- Medical PF
- HR PF



(1) HR PF Business posts sales based on the hire dates of new employees.

(2) Figures for FY2021 and earlier are based on the new revenue recognition standard.



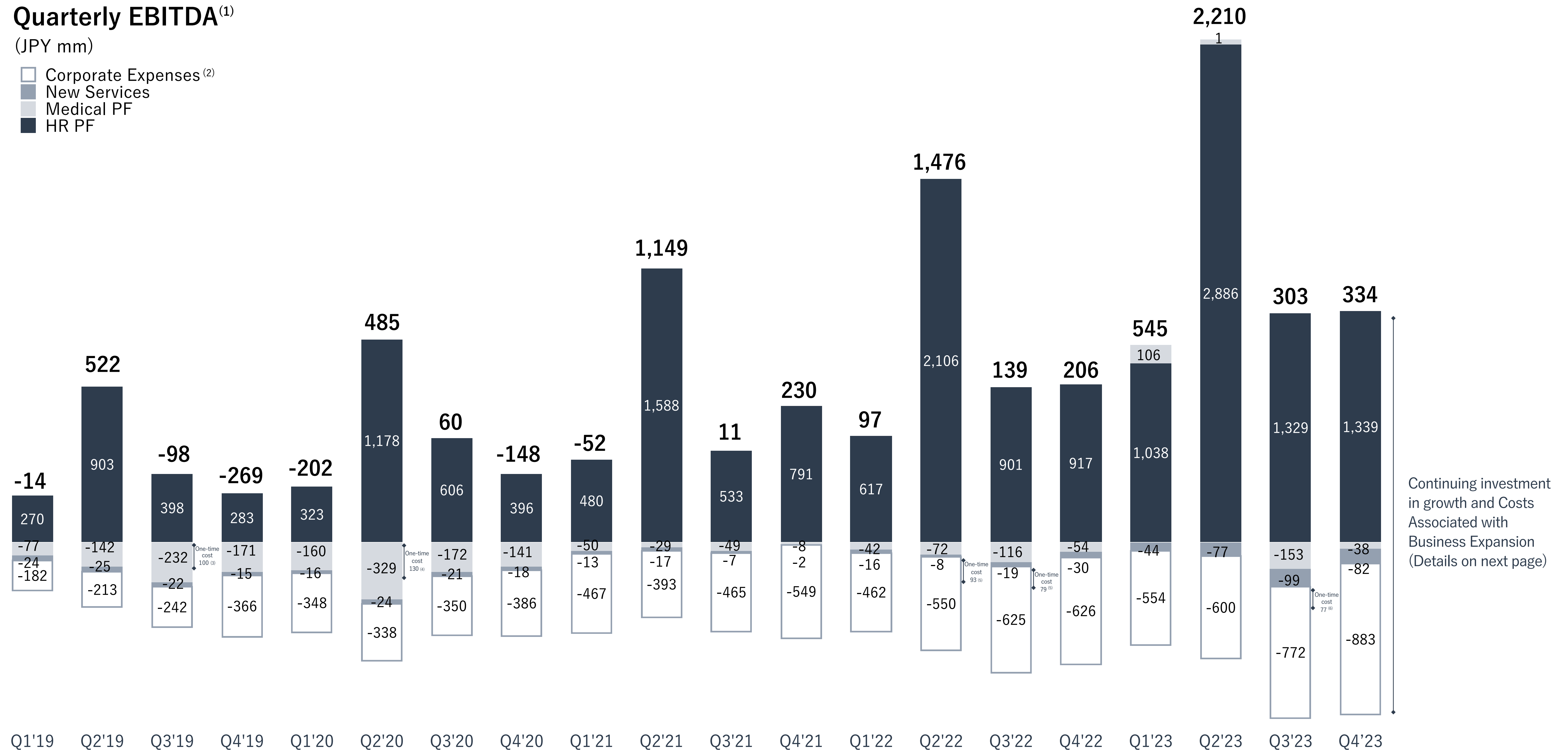
# Continued Proactive Investment in Growth, etc Funded by Profitable Businesses

Although we continued to proactively invest into growth initiatives and deployed costs to expand our businesses, EBITDA margin improved YoY in FY2023 Q4.

## Quarterly EBITDA<sup>(1)</sup>

(JPY mm)

- Corporate Expenses<sup>(2)</sup>
- New Services
- Medical PF
- HR PF



Continuing investment in growth and Costs Associated with Business Expansion (Details on next page)

(1) Figures for FY2021 and earlier are based on the new revenue recognition standard.  
 (2) Total of companywide expenses not allocated to segments and inter-segment eliminations.  
 (3) One-time cost (JPY 100 million) for acquiring a source code to add a new function to Medical PF Business.  
 (4) One-time cost (JPY 130 million) for acquiring EMR assets from another company.  
 (5) One-time office relocation costs: JPY 93 million in Q2, JPY 79 million in Q3.  
 (6) One-time outsourcing costs (JPY 77 million) associated with M&A and strengthening of corporate system

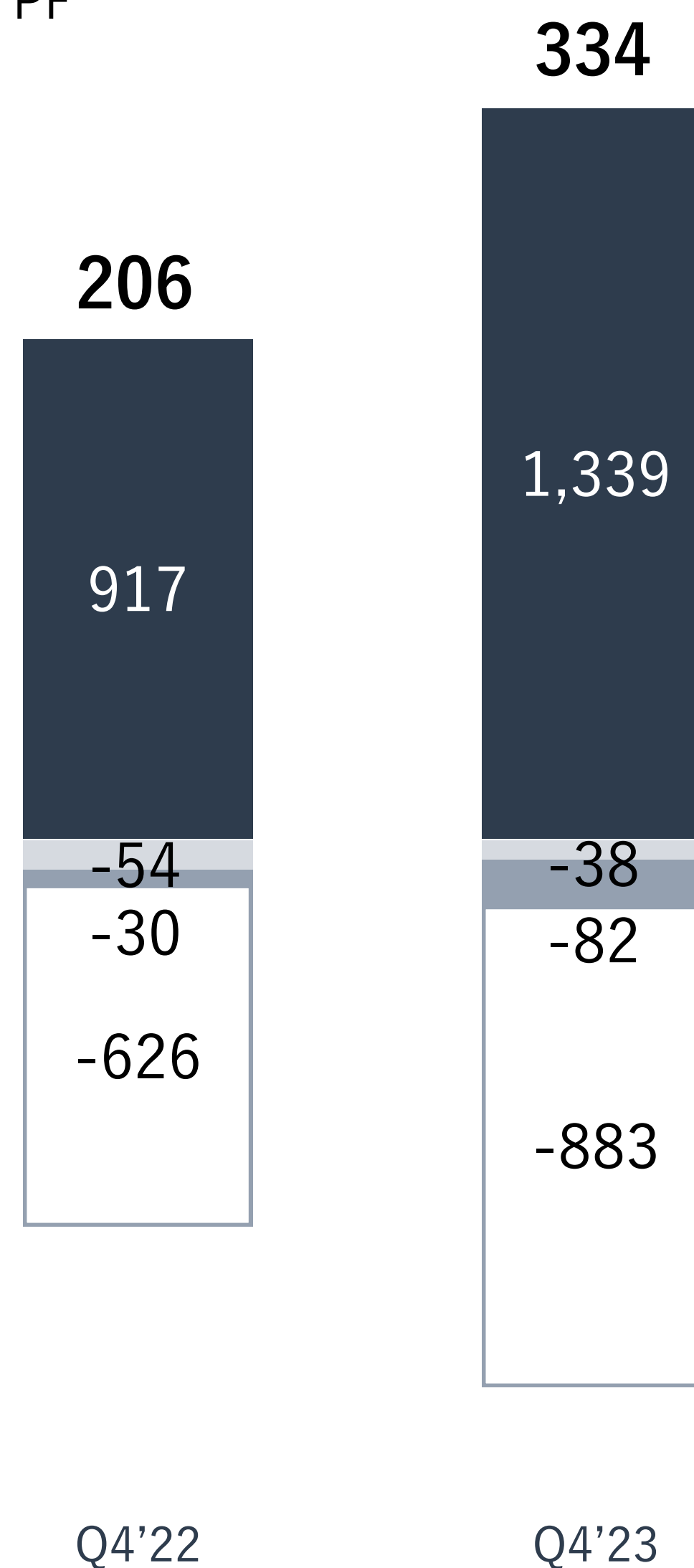
# Overview of Investments in Growth and Costs Associated with Business Expansion

EBITDA margin in the HR PF segment improved despite continued proactive marketing spend and headcount growth. In the Medical PF segment, EBITDA margin also improved due to investments aimed at improving gross margins. An increase in corporate headcount and other costs drove an increase in companywide expense-to-sales ratio.

## Q4 EBITDA

(JPY mm)

- Corporate Expenses<sup>(1)</sup>
- New Services
- Medical PF
- HR PF



## Main Factors Contributing to Change in Q4 EBITDA margin

Segment	Q4 FY22	Q4 FY23	Main Factors
HR PF	37.5%	38.0%	<ul style="list-style-type: none"> <li>• Decrease in labor cost ratio (+2.5%pt)</li> <li>• Increase in advertising cost ratio (-3.1%pt)</li> </ul>
Medical PF	-4.6%	-2.8%	<ul style="list-style-type: none"> <li>• Personnel cost ratio declined due to sales growth</li> </ul>

## Main Factors Contributing to Change in corporate expenses

(JPY mm) \*figures in parentheses show each cost as a % of total sales

Item	Q4 FY22	Q4 FY23	Main Factors
Personnel costs	284 (7.7%)	318 (6.3%)	<ul style="list-style-type: none"> <li>• Increased headcount in the corporate departments</li> </ul>
Rents	94 (2.5%)	148 (2.9%)	<ul style="list-style-type: none"> <li>• Increase in rent on office space expansion</li> </ul>
Hiring costs	67 (1.8%)	159 (3.2%)	<ul style="list-style-type: none"> <li>• Solid progress in hiring</li> </ul>
Commission fees	144 (3.9%)	219 (4.4%)	<ul style="list-style-type: none"> <li>• Increase in outsourcing costs associated with M&amp;A (JPY +77 mm)</li> </ul>
Other costs	34 (0.9%)	37 (0.7%)	<ul style="list-style-type: none"> <li>• No major changes</li> </ul>

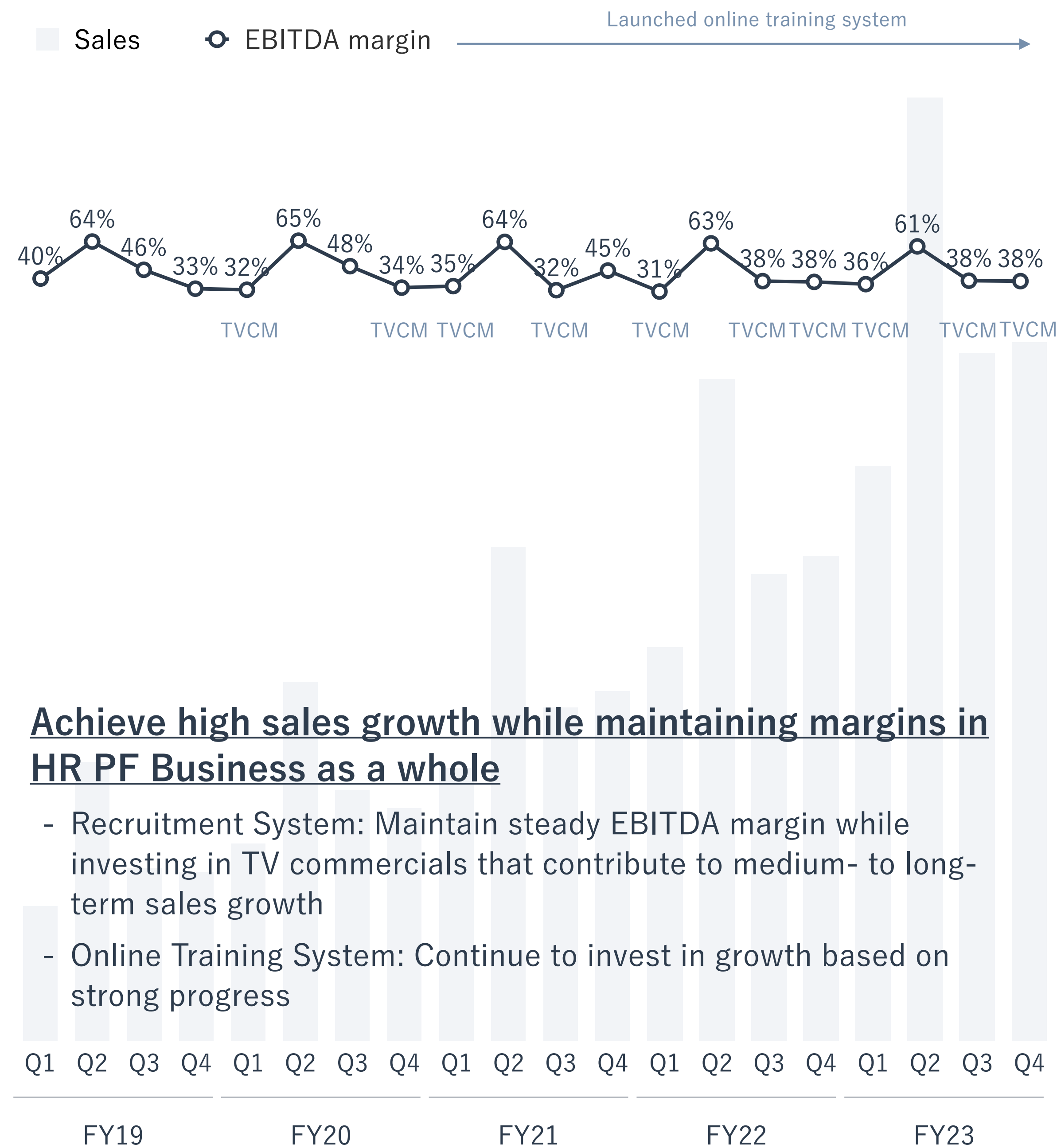
(1) Total companywide costs and cross-segment limitations not allocated to any business segment



# (Ref.) EBITDA Margins: Results and Policies by Segment

For the HR PF Business, our basic policy is to achieve high revenue growth while maintaining our EBITDA margin. For the Medical PF Business, though we will continue to invest in growth initiatives (as stated in our FY2022 presentation material), we plan to improve our gross margin in order to enable high sales growth while maintaining EBITDA profitability.

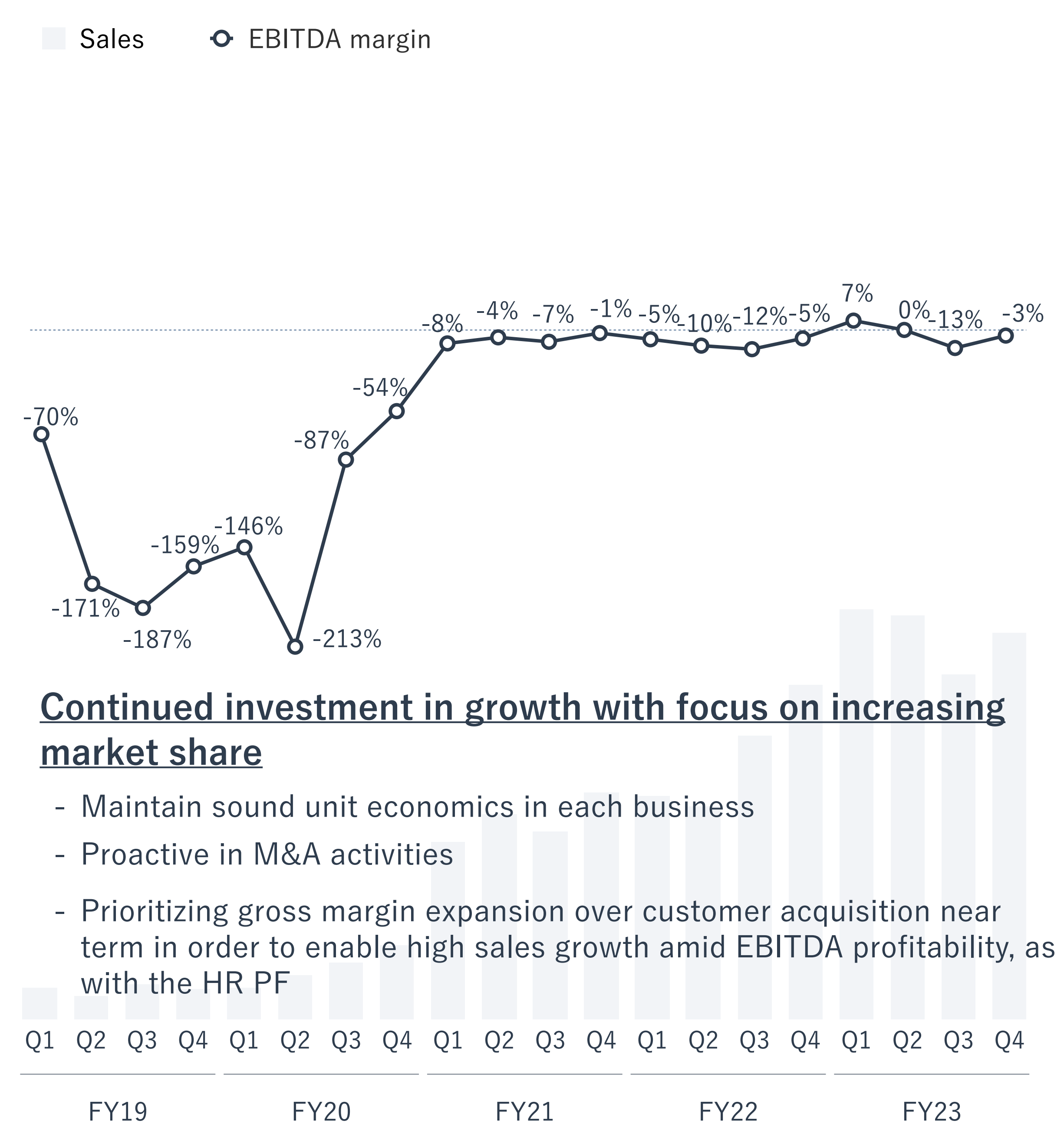
## EBITDA margin policies in HR PF<sup>(1)</sup>



### Achieve high sales growth while maintaining margins in HR PF Business as a whole

- Recruitment System: Maintain steady EBITDA margin while investing in TV commercials that contribute to medium- to long-term sales growth
- Online Training System: Continue to invest in growth based on strong progress

## EBITDA margin policies in Medical PF<sup>(1)</sup>



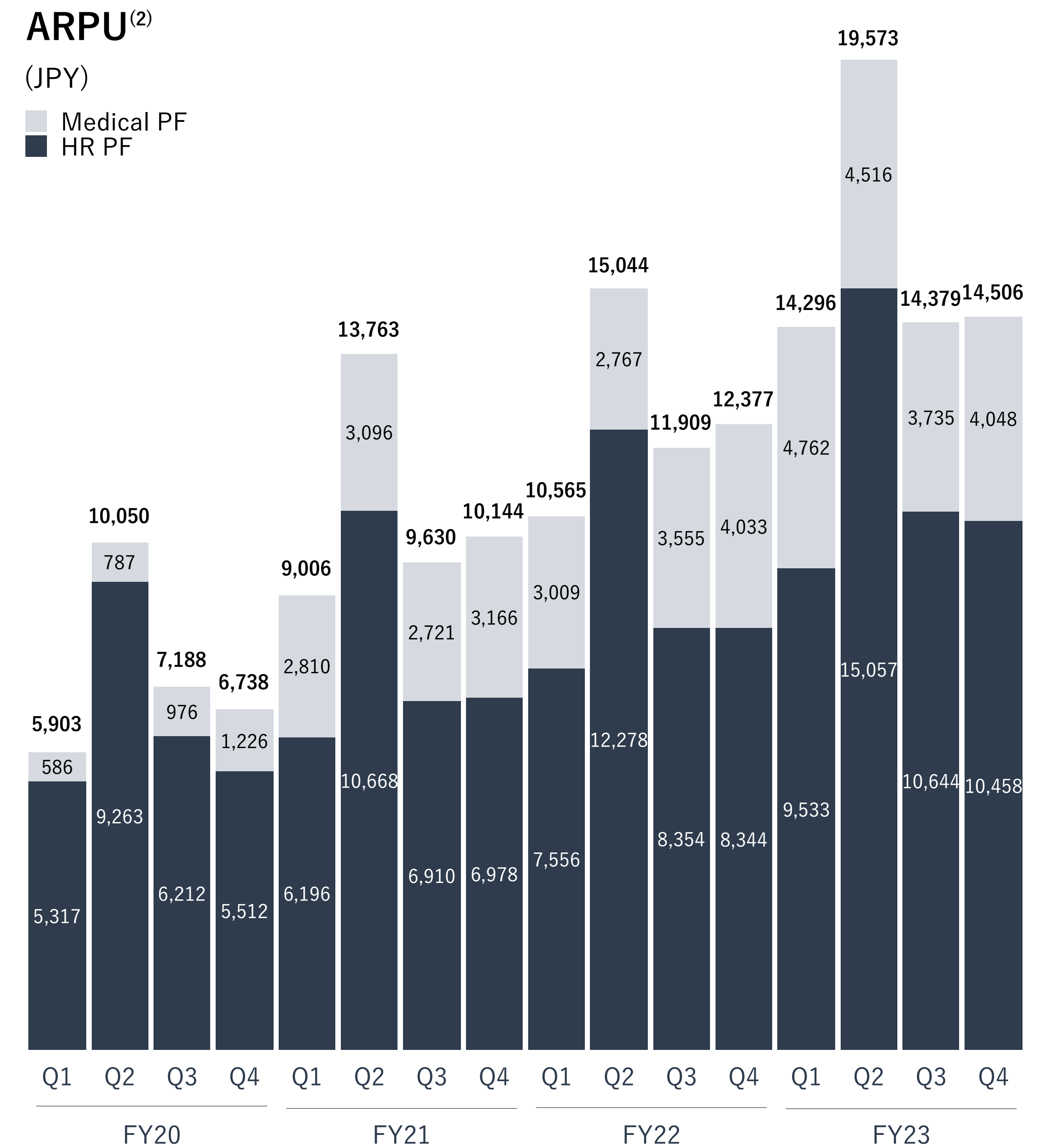
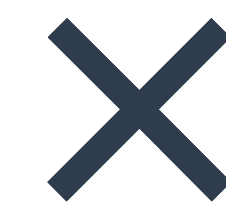
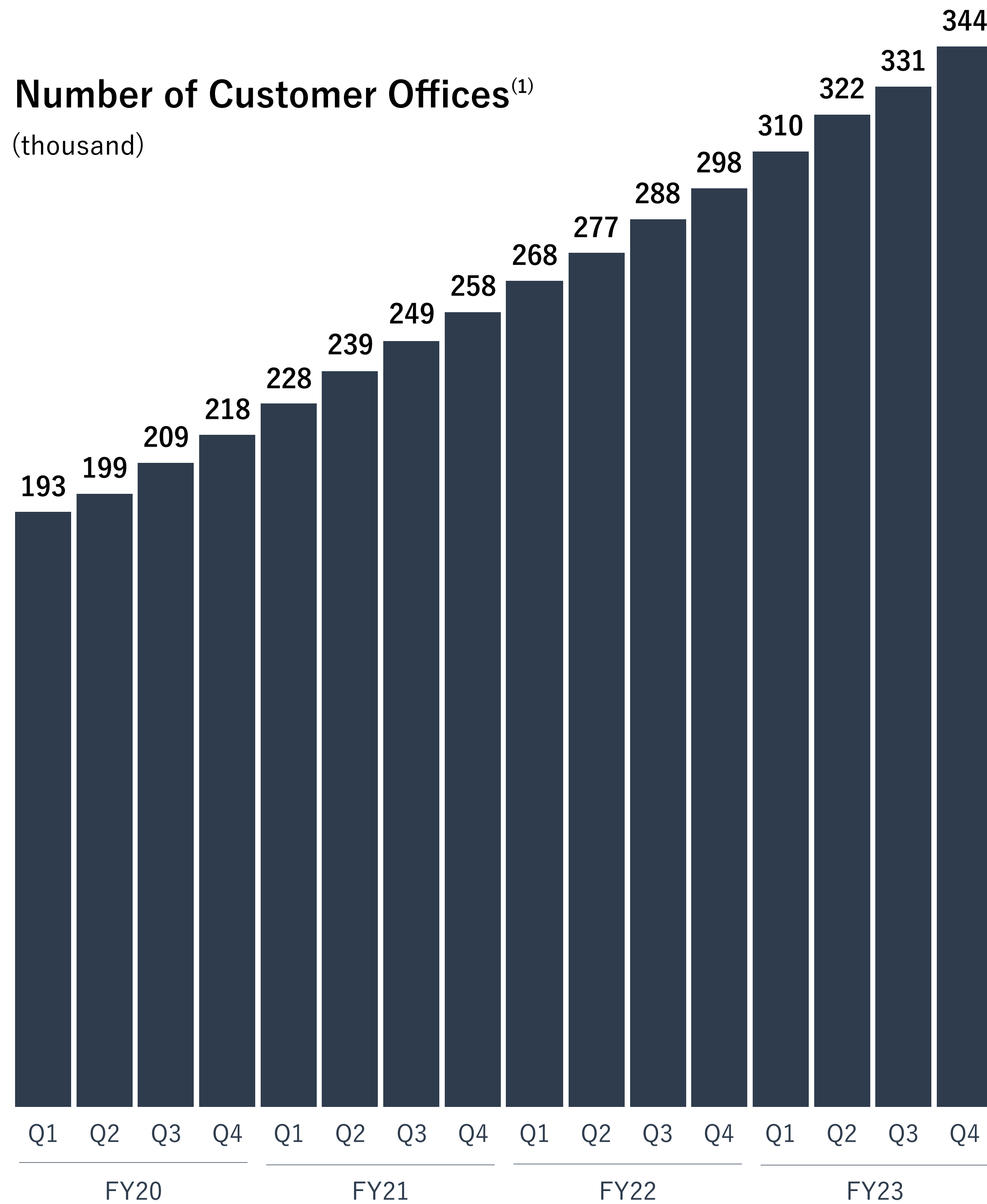
### Continued investment in growth with focus on increasing market share

- Maintain sound unit economics in each business
- Proactive in M&A activities
- Prioritizing gross margin expansion over customer acquisition near term in order to enable high sales growth amid EBITDA profitability, as with the HR PF

(1) Figures for FY2021 and earlier are based on the new revenue recognition standard.

# Steady Growth in Number of Customers and ARPU

The number of customer offices and ARPU, our main KPIs, have been continuously growing and we plan to keep investing going forward. Generally, HR PF sales increases sharply in Q2, which also results in ARPU to increase.



(1) Total number of customers in HR PF and Medical PF businesses. Customers using both platforms have been counted as a single customer account.

(2) ARPU = Quarterly sales / Average number of customer offices (total for HR PF and Medical PF businesses) ARPU for each platform = Quarterly sales of each platform / Total number of customer offices in HR PF and Medical PF businesses. Customer offices using both platforms have been counted as a single customer account.

Our financial base remains sound (capital ratio: 69.0%, D/E ratio 0.09x)

### B/S as of the End of September 2023

(JPY mm)

Cash raised from LOC		Untapped LOC 2,700	
Cash and deposits 15,462	Debt 1,919		
	Other liabilities 5,749		
	Net assets 17,517		
Other assets 9,723			

Capital ratio: 69.2%, D/E ratio: 0.11x



### B/S as of the End of December 2023

(JPY mm)

Cash raised from LOC		Untapped LOC 2,700	
Cash and deposits 15,354	Debt 1,660		
	Other liabilities 6,132		
	Net assets 17,637		
Other assets 10,076			

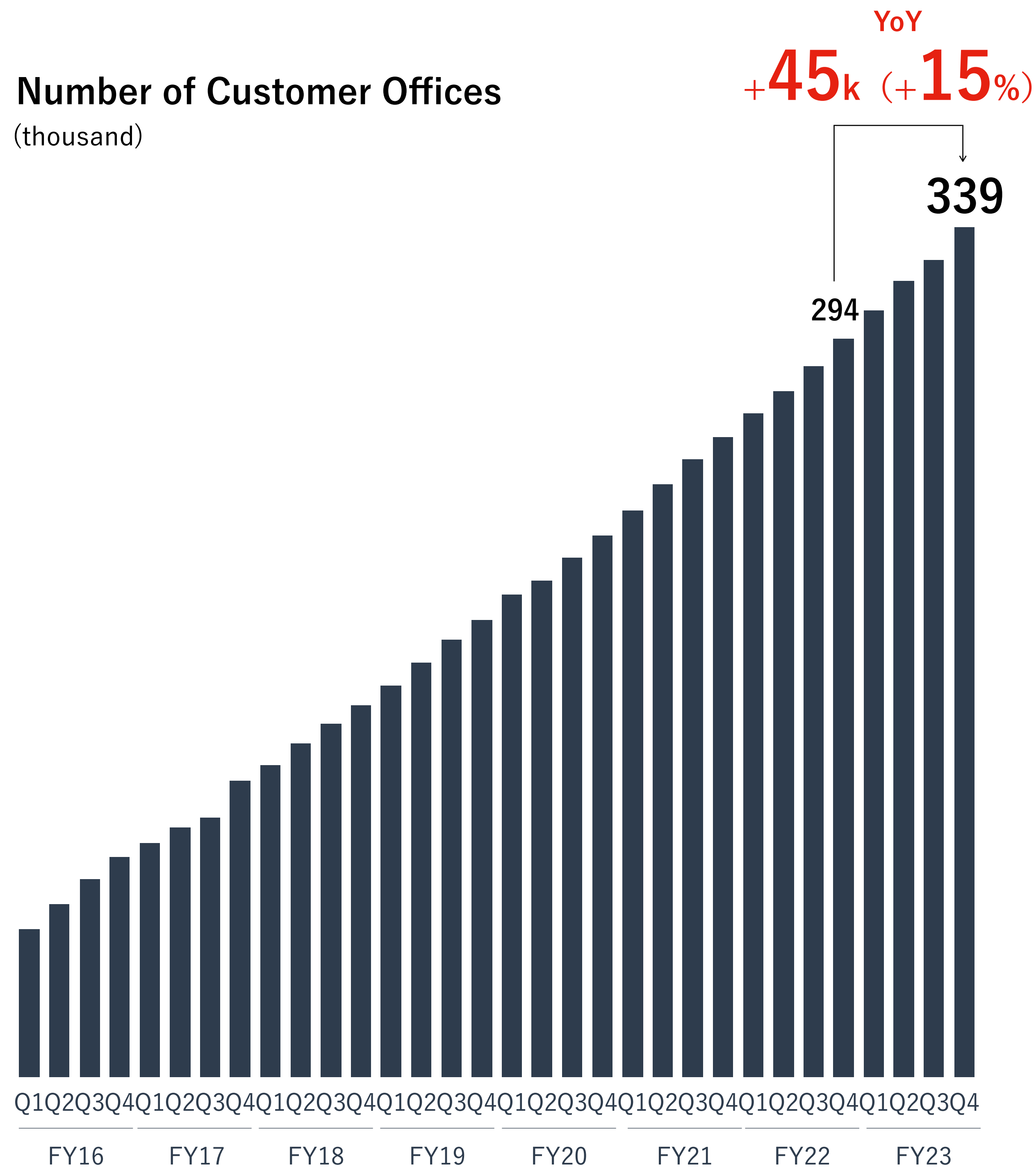
Capital ratio: 69.0%, D/E ratio: 0.09x



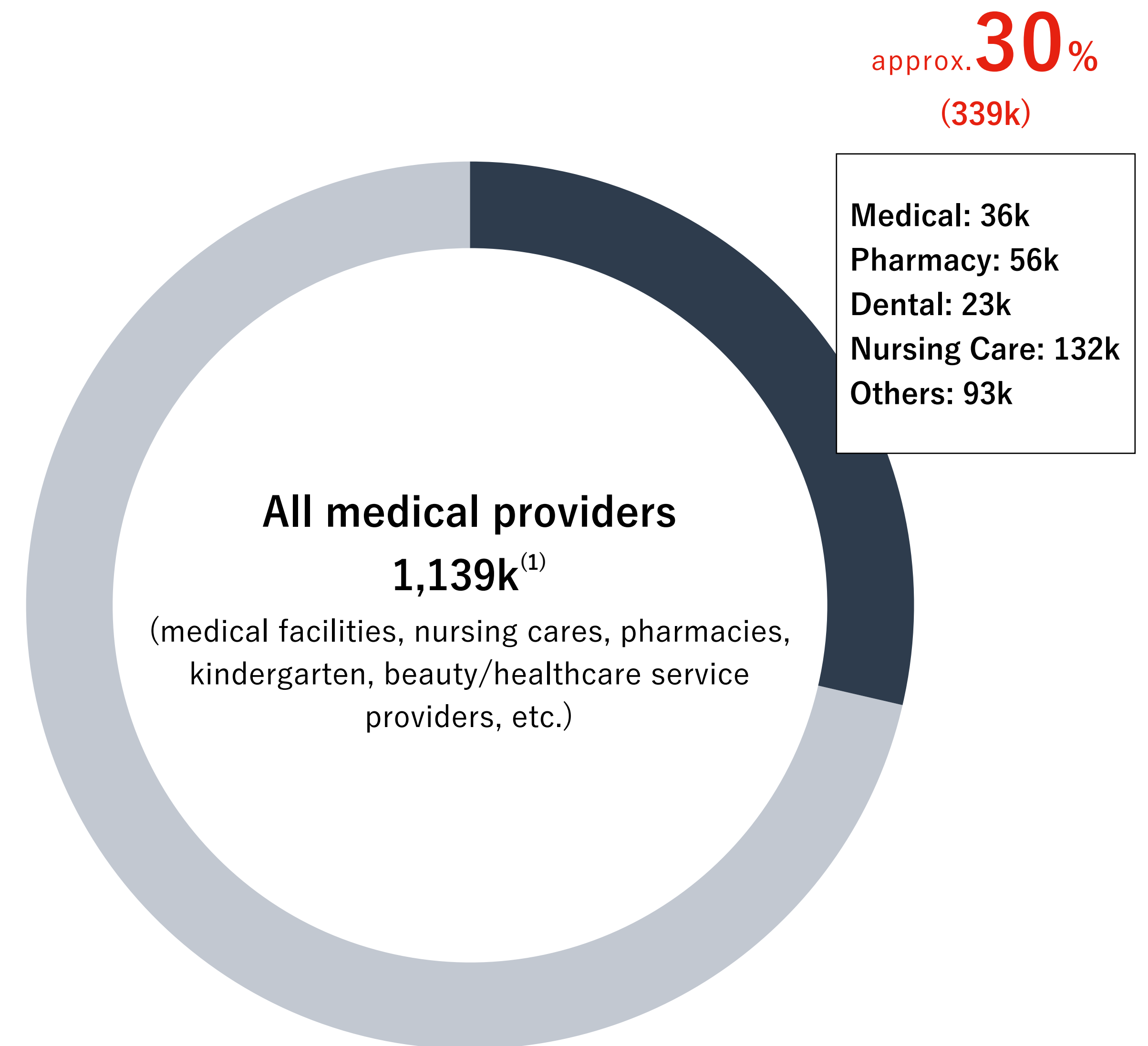
HR PF



In FY2023 Q4, we continued to make steady progress acquiring new customer offices and as a result achieved 339 thousand contracts.



### Customer Coverage Ratio

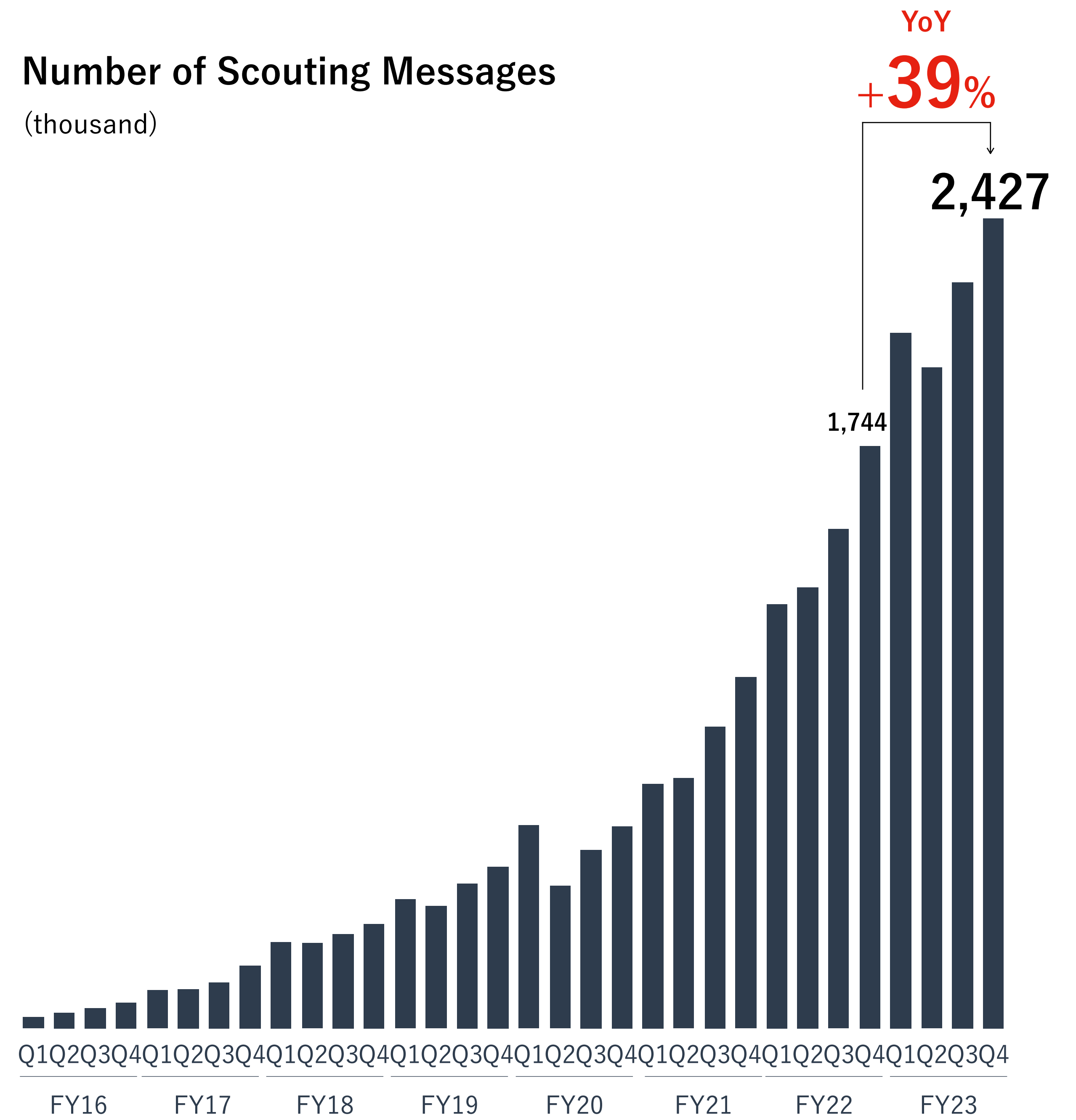
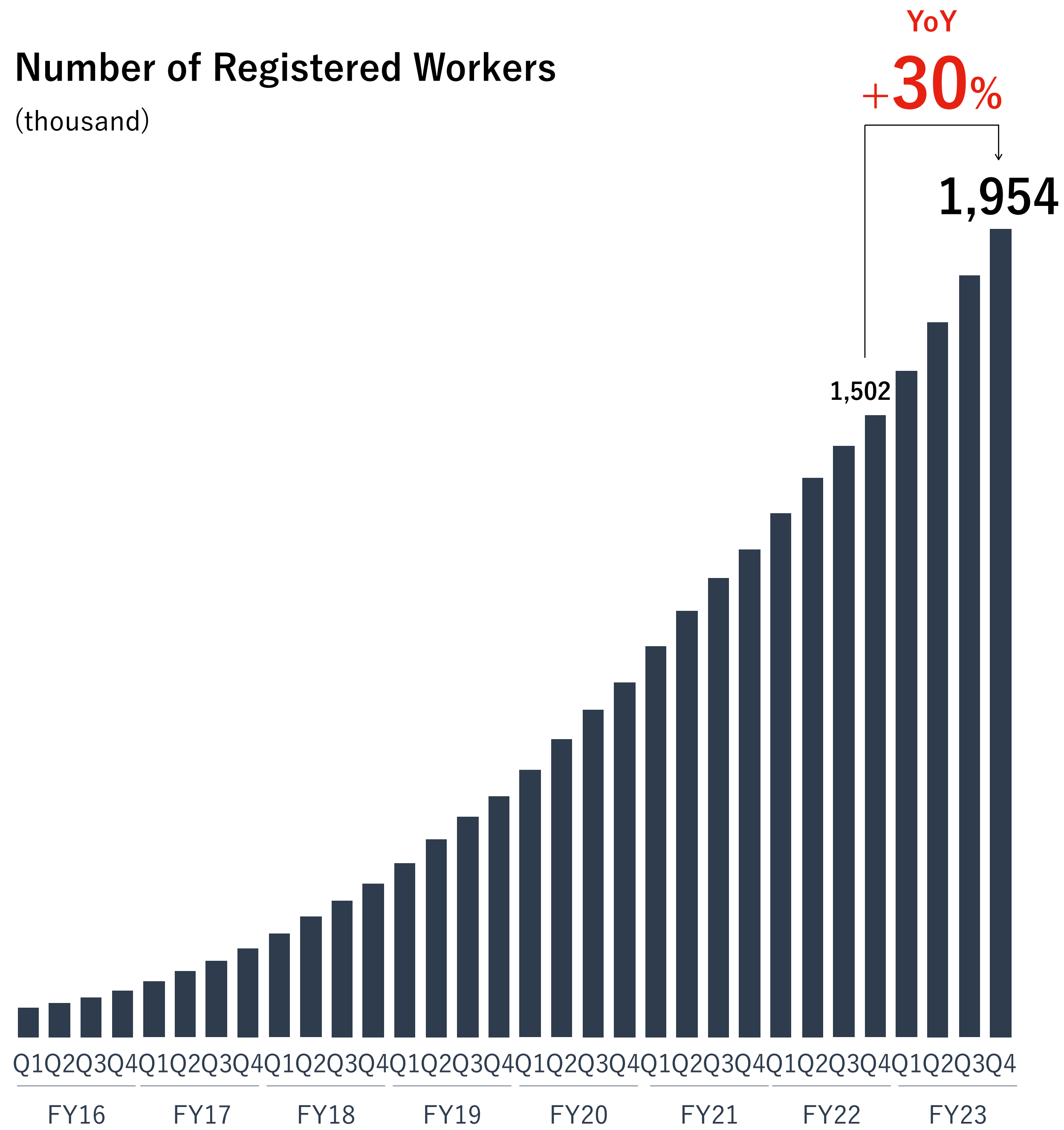


(1) Ministry of Health, Labour and Welfare, Ministry of Internal Affairs and Communications, and Cabinet Office statistics



# Recruitment System: Accelerate Direct Recruiting with Expansion of the Pool of Registered Workers

Proactive recruitment methods are effective for hiring medical and healthcare professionals. In FY2023 Q4, our customers increased usage of our scouting functions as we expanded our pool of registered workers.



# Medical PF

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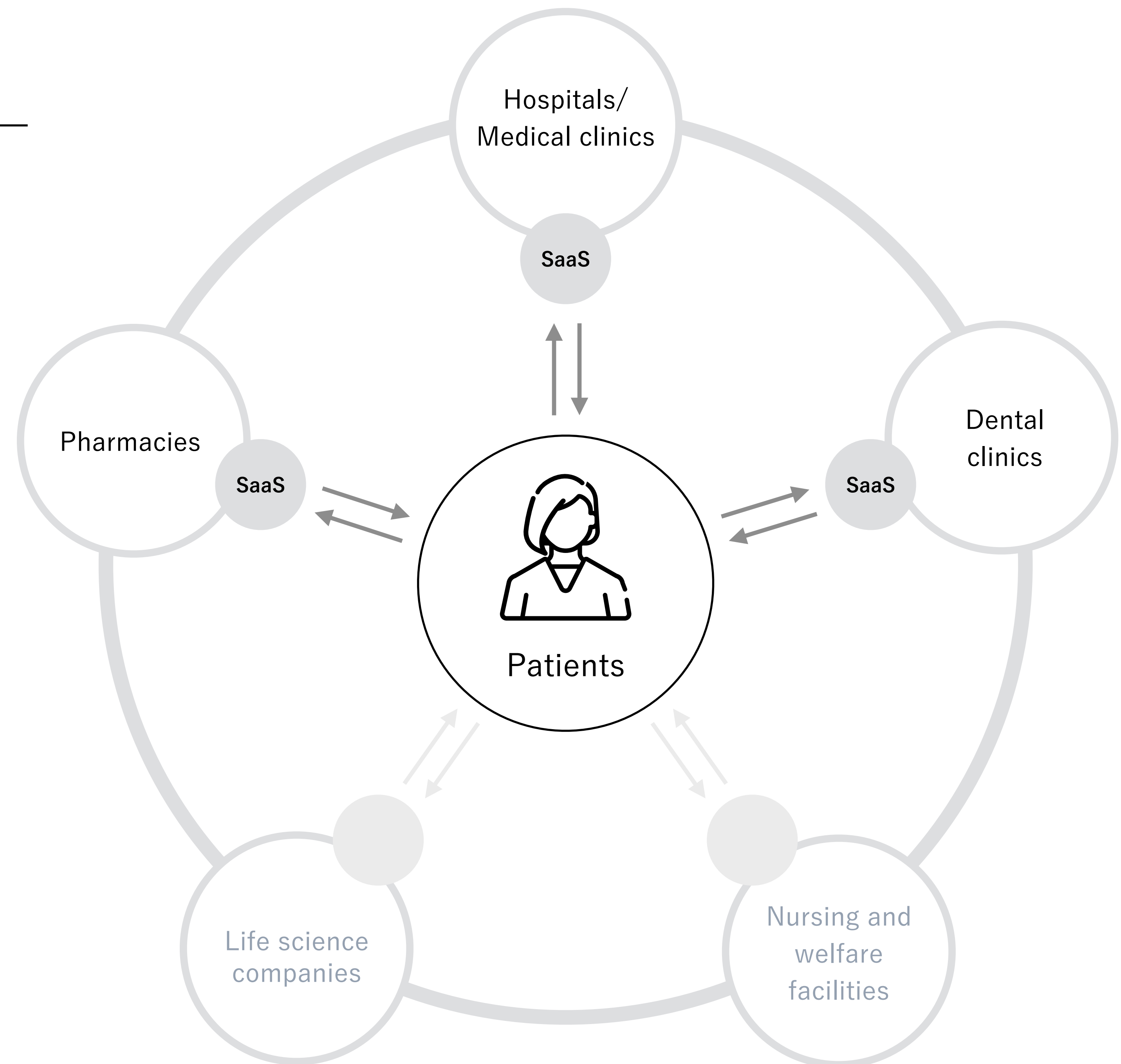
 **CLINICS**

 **Pharms**

 **MALL**

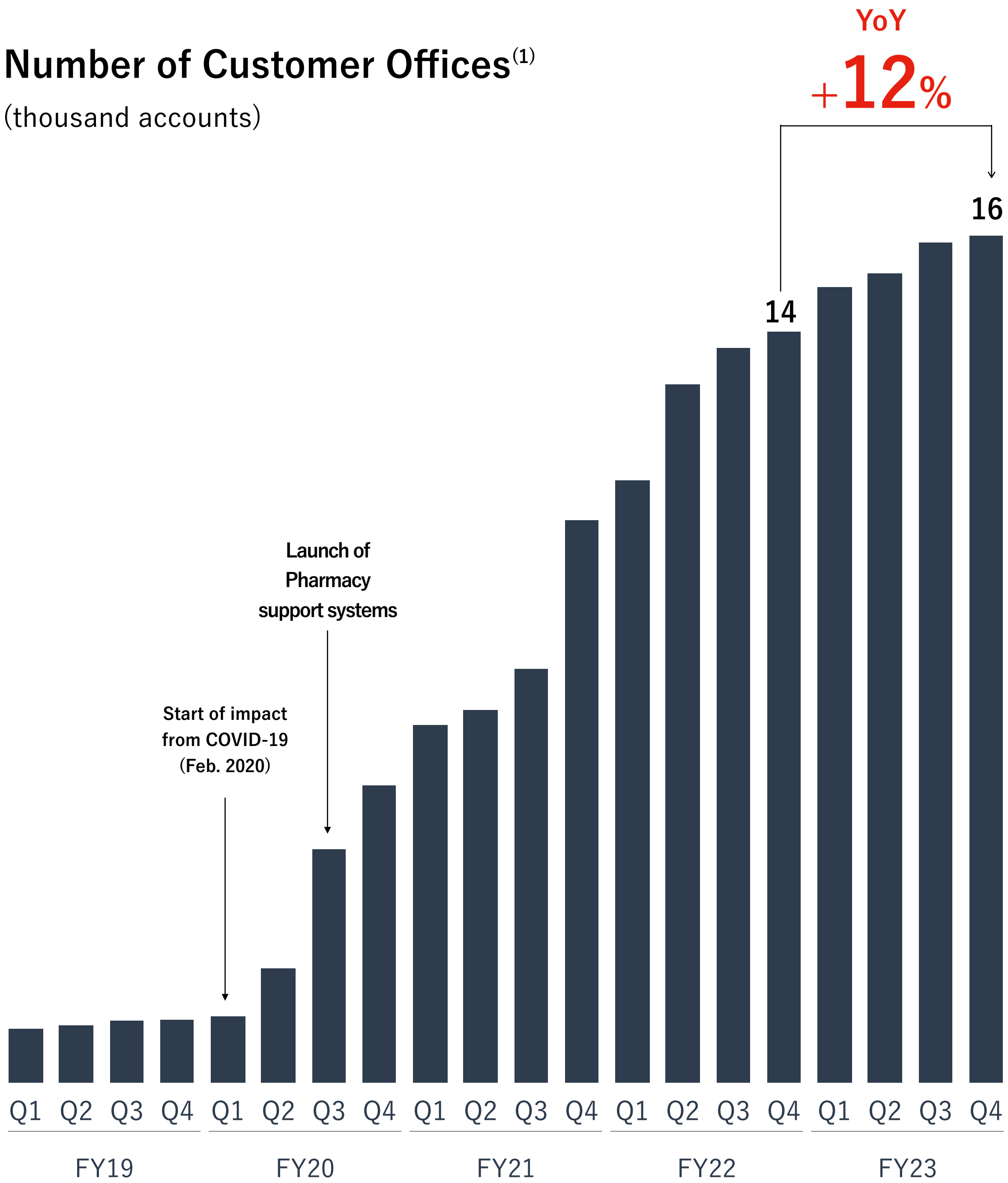
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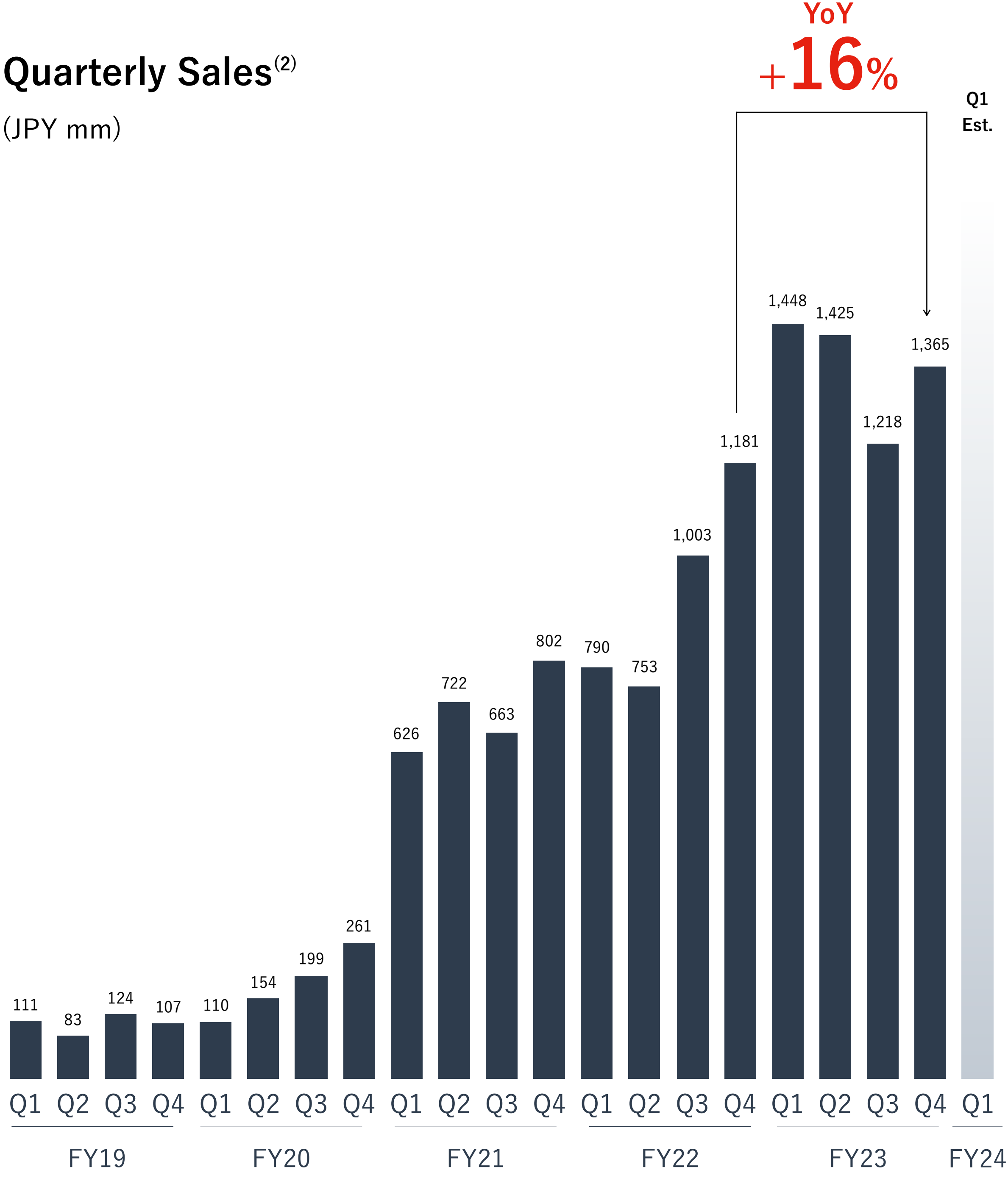


In Q4 FY2023, we achieved YoY growth in both our sales and install base of medical institution clients. We slowed down sales growth in FY2023 H2 as we prioritized initiatives aimed at improving our gross margin, but we expect growth to improve from FY2024 Q1.

**Number of Customer Offices<sup>(1)</sup>**  
(thousand accounts)



**Quarterly Sales<sup>(2)</sup>**  
(JPY mm)



(1) Number of customer offices = number of medical intuitions that have begun using our systems (CLINICS, Pharms, etc.) and have not cancelled or discontinued their contracts; customers using multiple systems counted as a single customer account  
 (2) Figures for FY2021 and earlier are based on the new revenue recognition standard

# Measures to Expand Number of Customers, Improve ARPU, and Streamline Operations

In FY2023 Q4, we implemented a number of measures to boost the medium- to long-term growth and profitability of the Medical PF Business. These include expanding our target customers, improving ARPU, and streamlining measures.

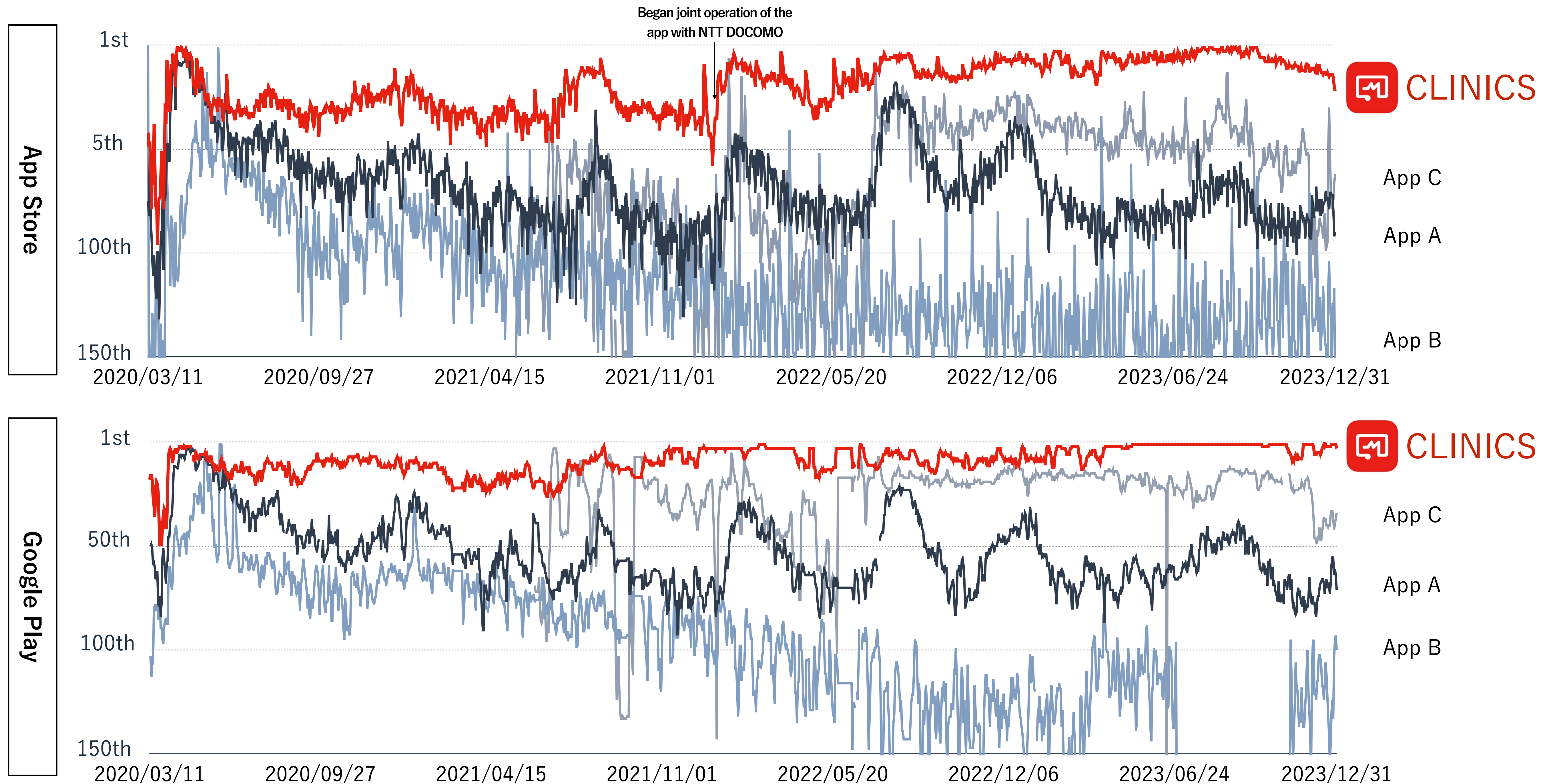
## Main Measures Implemented in FY2023 Q4

	Hospital / Medical Clinics	Pharmacies	Dental Clinics
Expansion of targeted customers	Strengthened sales of EMR to hospitals		
	Strengthened EMR functions for hospitals	Conducted development aimed at strengthening functionality	Conducted development aimed at strengthening functionality
Improvement in ARPU	<sup>A</sup> Increased settlement fees owing to growth in number of users		
	Strengthened sales of partner products		
Streamlining	Improved gross margin of the EMR business		
Patient users expansion	<sup>A</sup> Strengthened advertisement of telemedicine app with NTT DOCOMO	Joint operation of businesses with NTT DOCOMO via minacolor	Strengthened integration with CLINICS app



Our CLINICS app is consistently at the top of the telemedicine app rankings. Although we are revising our capital and business alliance agreement with NTT DOCOMO, we expect to continue to increase our user base through initiatives, such as cooperation with Lalune, which we integrated into our group in February 2024.

App rankings in the medical category (telemedicine apps only)<sup>(1)</sup>



(1) Comparison among telemedicine apps which cover insured medical treatment; Source: data.ai



1. FY2023 Q4 Results

## 2. FY2023 Full-year Results

3. Establishment of New Mid-term Plan

4. FY2024 Full-year Forecast

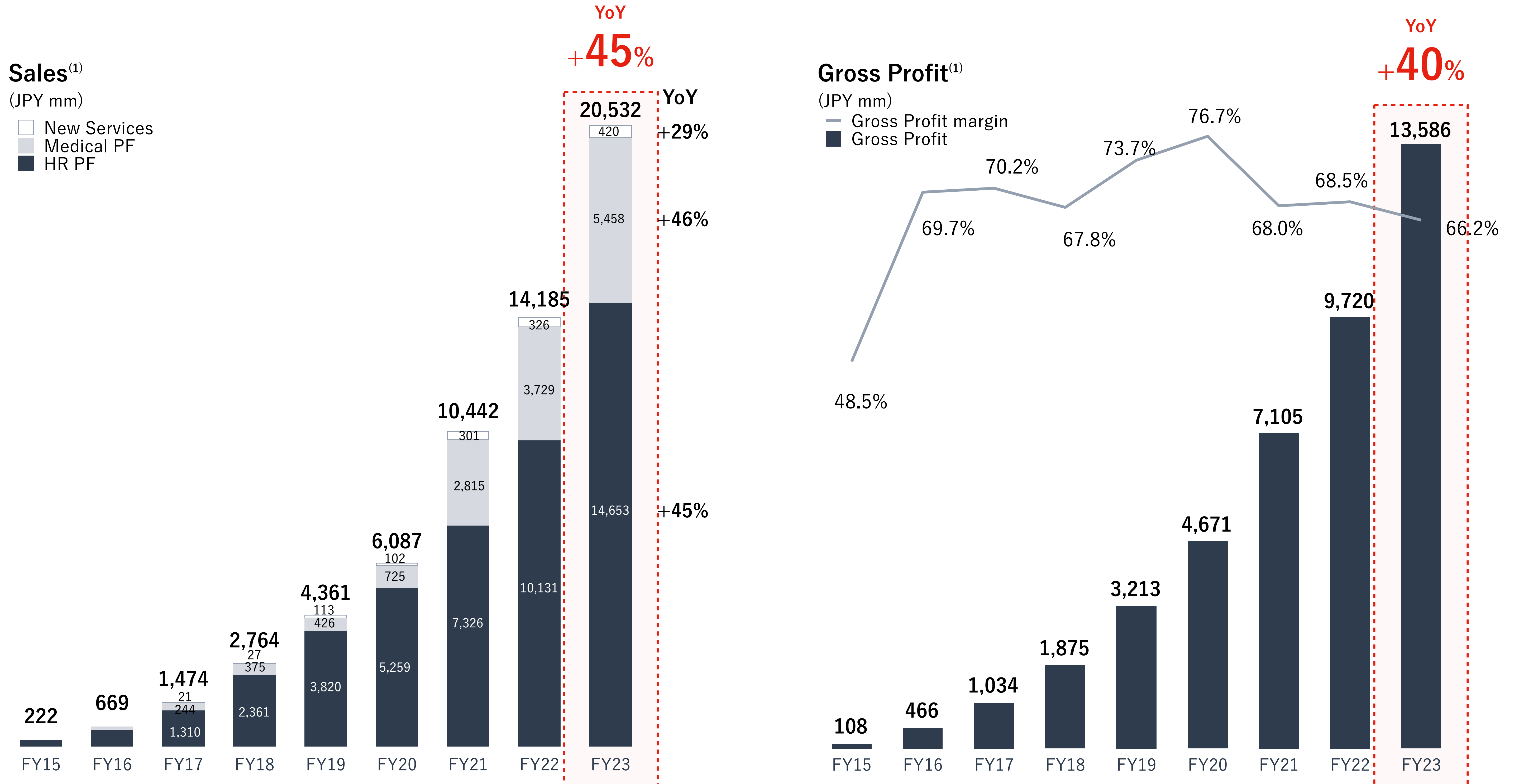
5. Investment Highlights

# Summary of Consolidated FY2023 Results

JPY mm	Actual			Forecast
	FY2022	FY2023	YoY	FY2023 (After revision)
<b>Sales</b>	14,185	20,532	+45%	19,800
<b>Gross Profit</b>	9,720	13,586	+40%	13,300
<b>EBITDA</b>	1,919	3,394	+77%	2,950
Operating Profit	1,290	2,661	+106%	2,250
Ordinary Profit	1,526	3,755	+146%	3,000
Profit Attributable to Owners of Parent	1,017	2,566	+152%	2,000

# Maintained High Top-line Growth Rate

Amid the change in environment from the reopening from COVID-19, strong sales growth continued in FY2023, surpassing our forecast. Gross profit also continued to rise rapidly.



(1) Figures for FY2021 are based on the new revenue recognition standard.

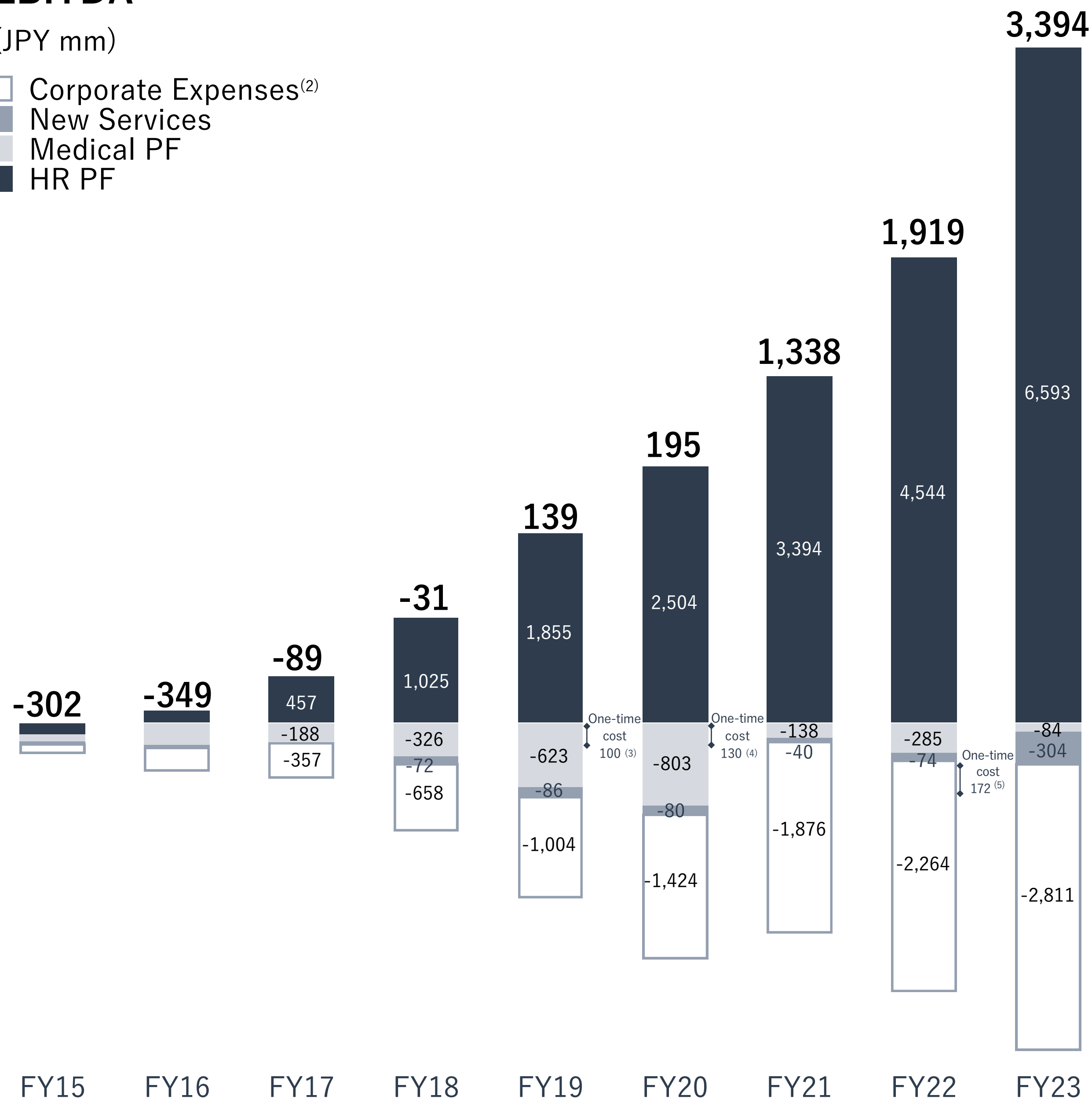
# EBITDA beyond Our Expectation, and Operating CF Continues to Expand

EBITDA exceeded our forecast in FY2023 even as we aggressively invested in growth. Operating cash flow also continued to increase.

## EBITDA<sup>(1)</sup>

(JPY mm)

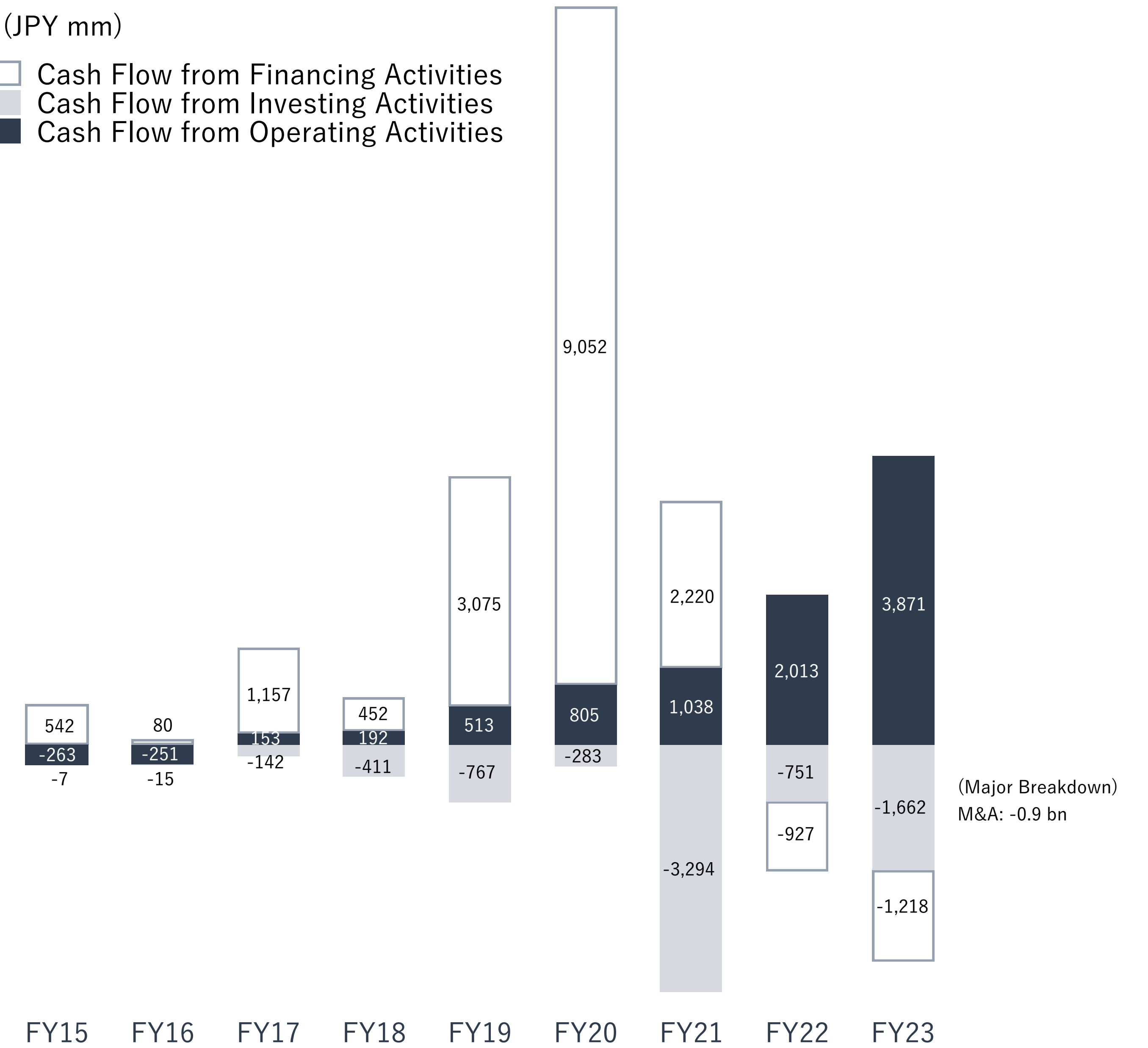
- Corporate Expenses<sup>(2)</sup>
- New Services
- Medical PF
- HR PF



## Cash Flow

(JPY mm)

- Cash Flow from Financing Activities
- Cash Flow from Investing Activities
- Cash Flow from Operating Activities



(1) Figures for FY2021 and earlier are based on the new revenue recognition standard.  
 (2) Total of companywide expenses not allocated to segments and inter-segment eliminations.  
 (3) One-time cost (JPY 100 million) for acquiring a source code to add a new function to Medical PF Business.  
 (4) One-time cost (JPY 130 million) for acquiring EMR assets from another company.  
 (5) One-time office relocation costs: JPY 93 million in Q2, JPY 79 million in Q3.

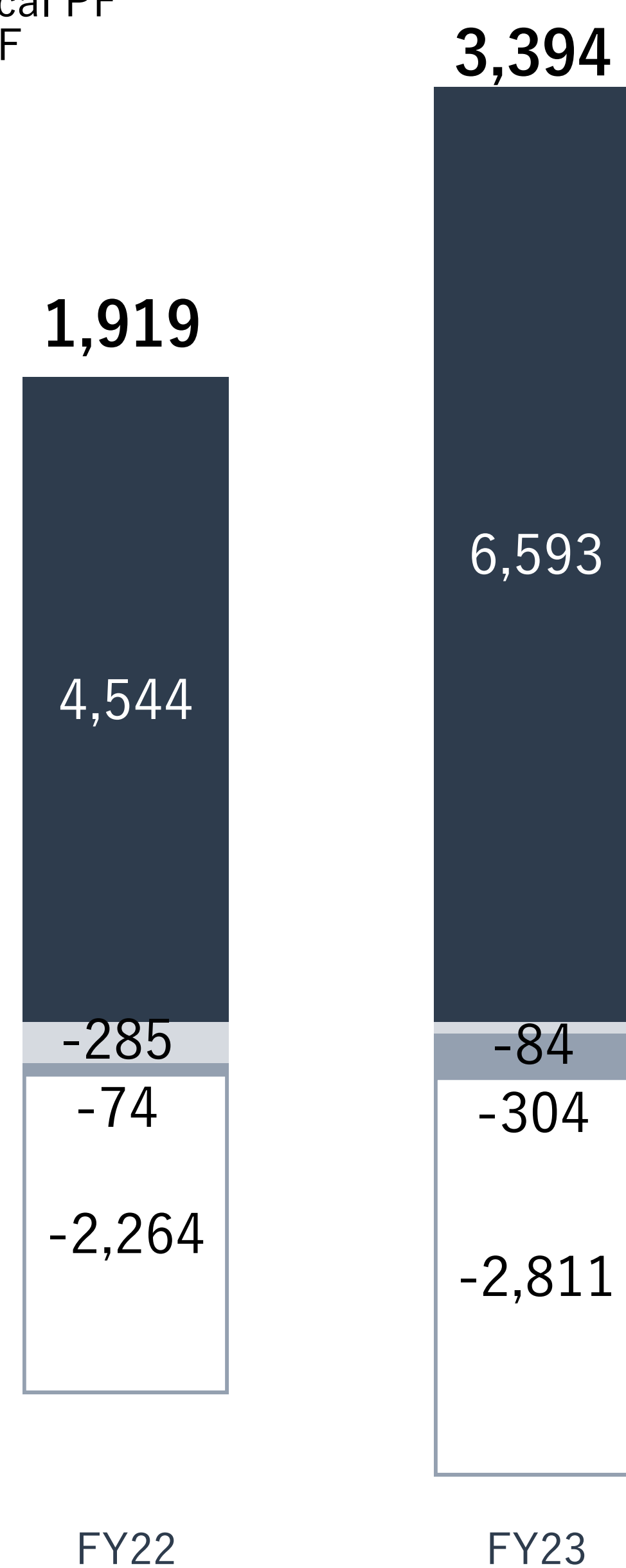
# Breakdown of Investments: Investments Aimed at Expanding the Scale of Our Businesses

In 2023, we proactively invested in expanding the scale of our businesses, including expansion of office space in anticipation of an increase in the number of employees, and test marketing in the US. Companywide expense-to-sales ratio decreased, despite an increase in corporate headcount and other costs.

## Annual EBITDA

(JPY mm)

- Corporate Expenses<sup>(1)</sup>
- New Services
- Medical PF
- HR PF



## Main Factors Contributing to Change in FY2023 EBITDA Margin

Segment	FY22	FY23	Main Factors
HR PF	44.9%	45.0%	<ul style="list-style-type: none"> <li>• Increase in marketing expenses, including TV ads (-2.5%pt)</li> <li>• Decrease in personnel cost ratio due to sales growth (+2.1%pt)</li> </ul>
Medical PF	-7.7%	-1.5%	<ul style="list-style-type: none"> <li>• Decrease in personnel expenses ratio due to sales growth</li> </ul>

## Main Factors Contributing to Change in corporate expenses

(JPY mm) \*figures in parentheses show each cost as a % of total sales

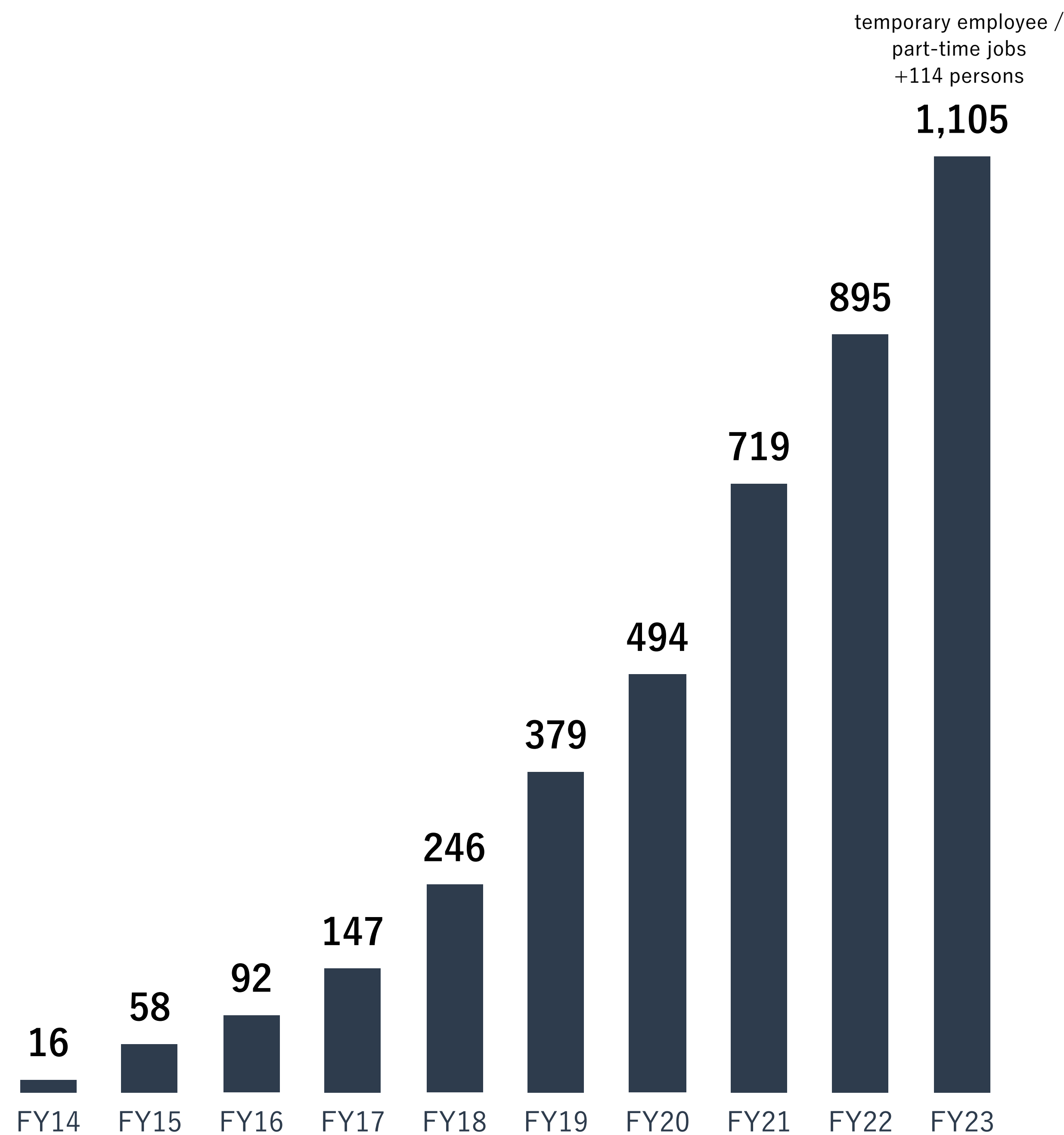
Item	FY22	FY23	Main Factors
Personnel costs	887 (6.3%)	1,131 (5.5%)	<ul style="list-style-type: none"> <li>• Increase in number of corporate employees</li> </ul>
Rents	554 (3.9%)	515 (2.5%)	<ul style="list-style-type: none"> <li>• Improved rent efficiency on office relocation</li> </ul>
Hiring costs	267 (1.9%)	412 (2.0%)	<ul style="list-style-type: none"> <li>• Steady progress in human resource acquisition</li> </ul>
Commission fees	436 (3.1%)	587 (2.9%)	<ul style="list-style-type: none"> <li>• Outsourcing costs associated with M&amp;A and strengthening of corporate functions</li> </ul>
Other costs	118 (0.8%)	165 (0.8%)	<ul style="list-style-type: none"> <li>• No major changes</li> </ul>

(1) Total of companywide expenses not allocated to segments and inter-segment eliminations.

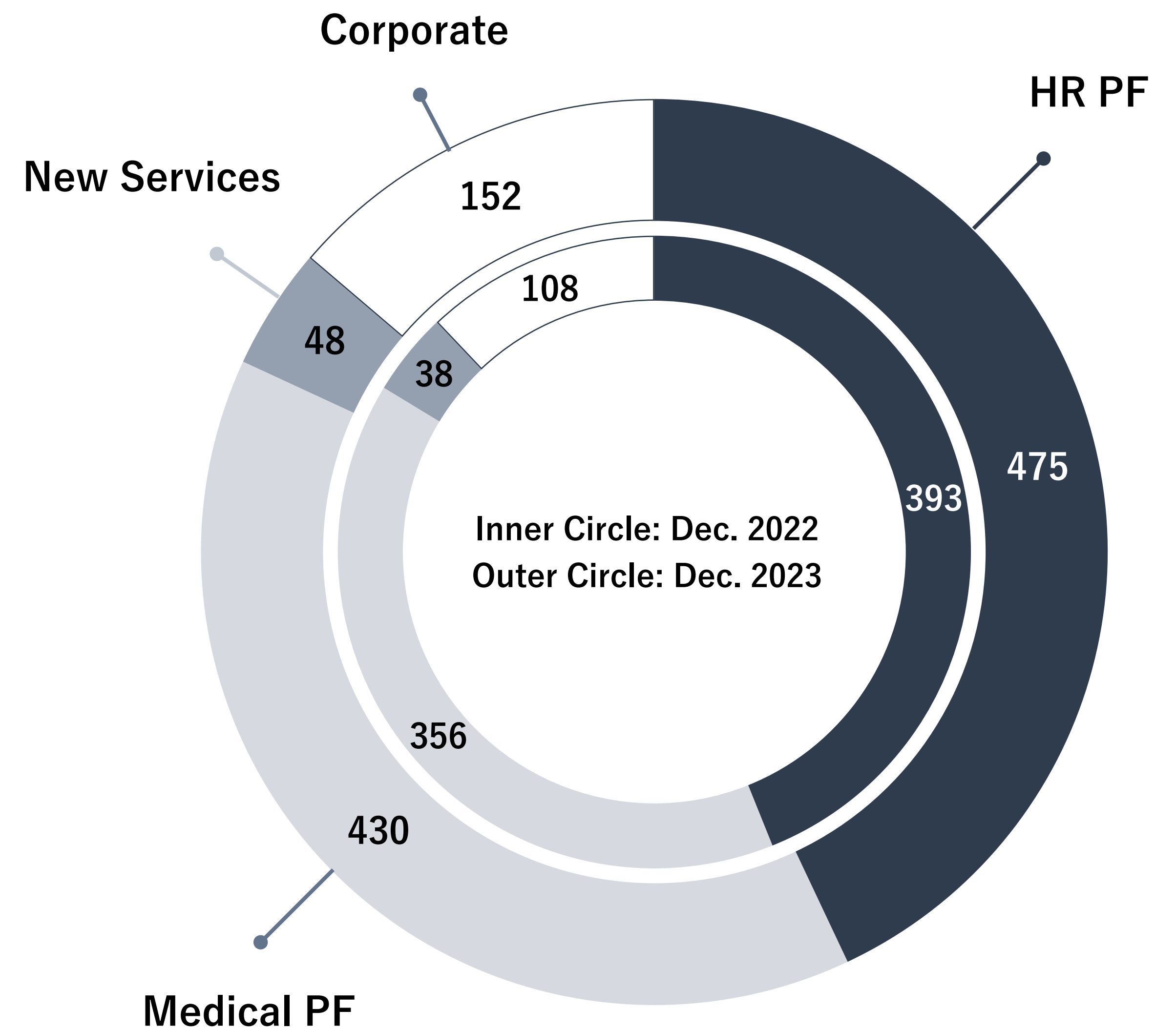


We plan to increase the number of employees in both of our PF businesses in preparation for continued growth and also the number of corporate employees in accordance with expansion of the scale of our businesses.

Number of Employees (as of December 31 each year)



Breakdown of Employees by Segment



1. FY2023 Q4 Results

2. FY2023 Full-year Results

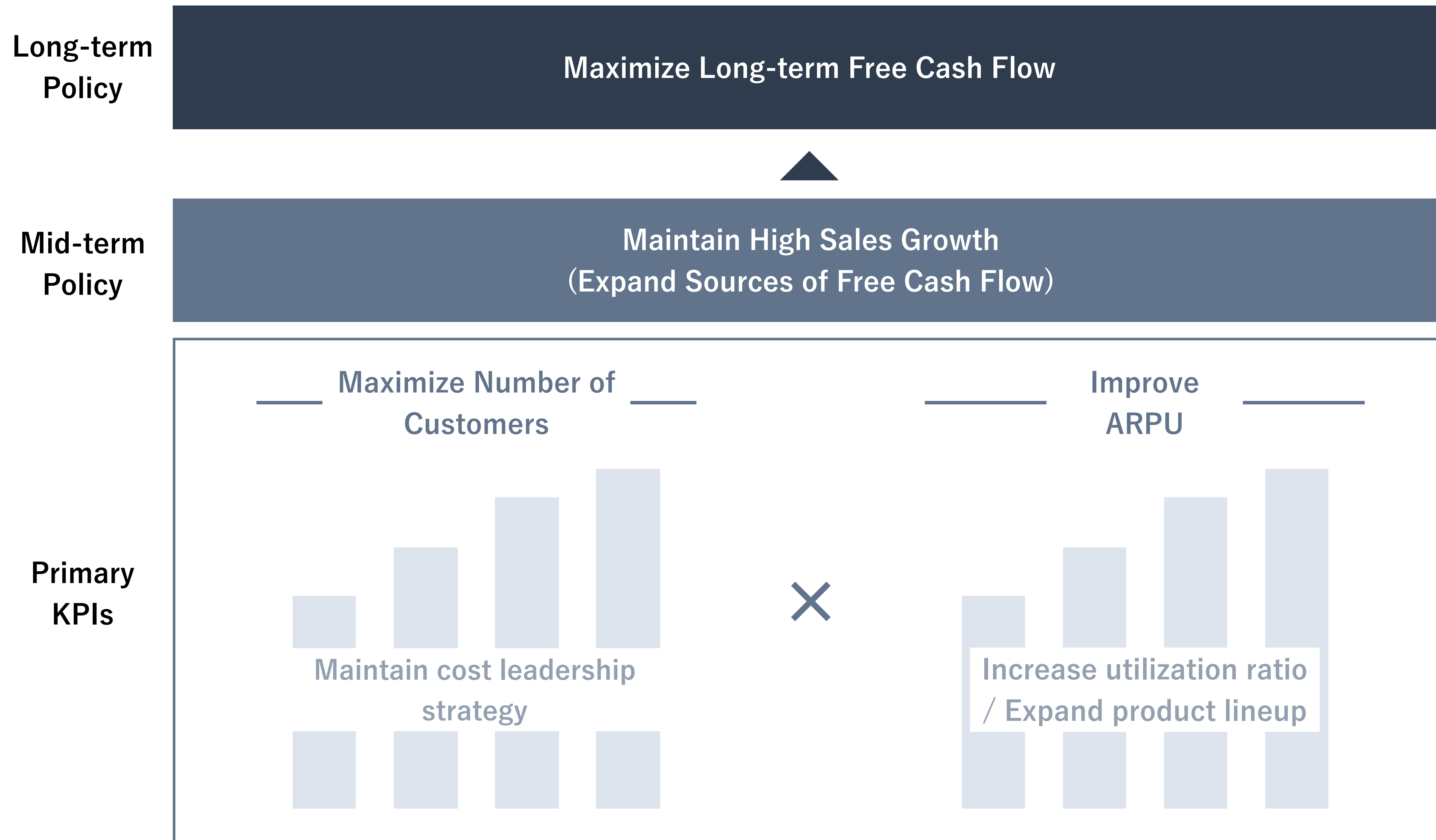
**3. Establishment of New Mid-term Plan**

4. FY2024 Full-year Forecast

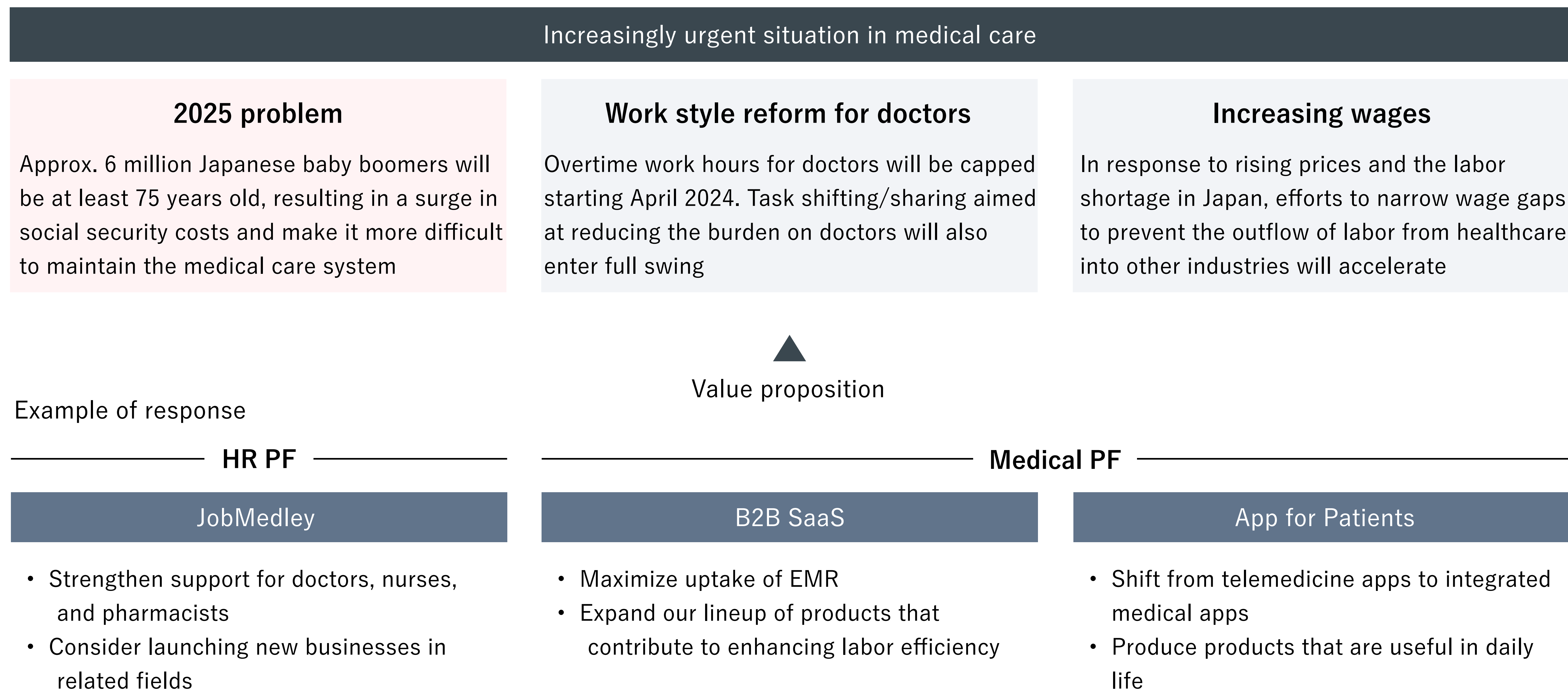
5. Investment Highlights

# New Mid-term Target: Aim to Maximize Long-term Free Cash Flow

Our long-term policy is to maximize long-term free cash flow, and aim to maintain high sales growth by increasing the value provided to our customers. In line with our new mid-term target, we will pursue the following strategy. In order to achieve sales growth, we will pursue a business model focused on stable, recurring sales. Investments will therefore be made in growth focused on maximizing the number of customers and achieving continuous ARPU growth by improving utilization rates and strengthening product lineup.



The social welfare tsunami facing Japanese society is about to arrive. In 2025, one in three Japanese citizens will be 65 or older<sup>(1)</sup> and one in five will be 75 or older<sup>(1)</sup>. In addition, in line with work style reforms for doctors and wage increases, there is a strong need to increase the labor efficiency of medical and welfare professionals in Japan. In response to this situation, to improve the country’s health data infrastructure, the Japanese government has set a target of 100% adoption of EMR by 2030. During this critical phase, we are supporting the Japanese society by strengthening our HR PF Business and working to increase the efficiency of medical healthcare in our Medical PF Business.



(1) Source: National Institute of Population and Social Security Research, Population Statistics of Japan 2023



# New Mid-term Target: Laying the Ground for Continued Strong Growth beyond 2029

We aim to export medical and welfare knowhow and problem-solving products developed in Japan, an advanced country with an aging population, to other countries. Our long-term vision is to become a global leading company in “creating the future of medical healthcare” by continually investing our operating cash flow in facing new challenges. With this vision in mind, we aim to reach the following targets by the end of the period covered by our new mid-term target.

## Overseas sales ratio

We plan to focus on overseas business development in the US during this period

**10% or more**

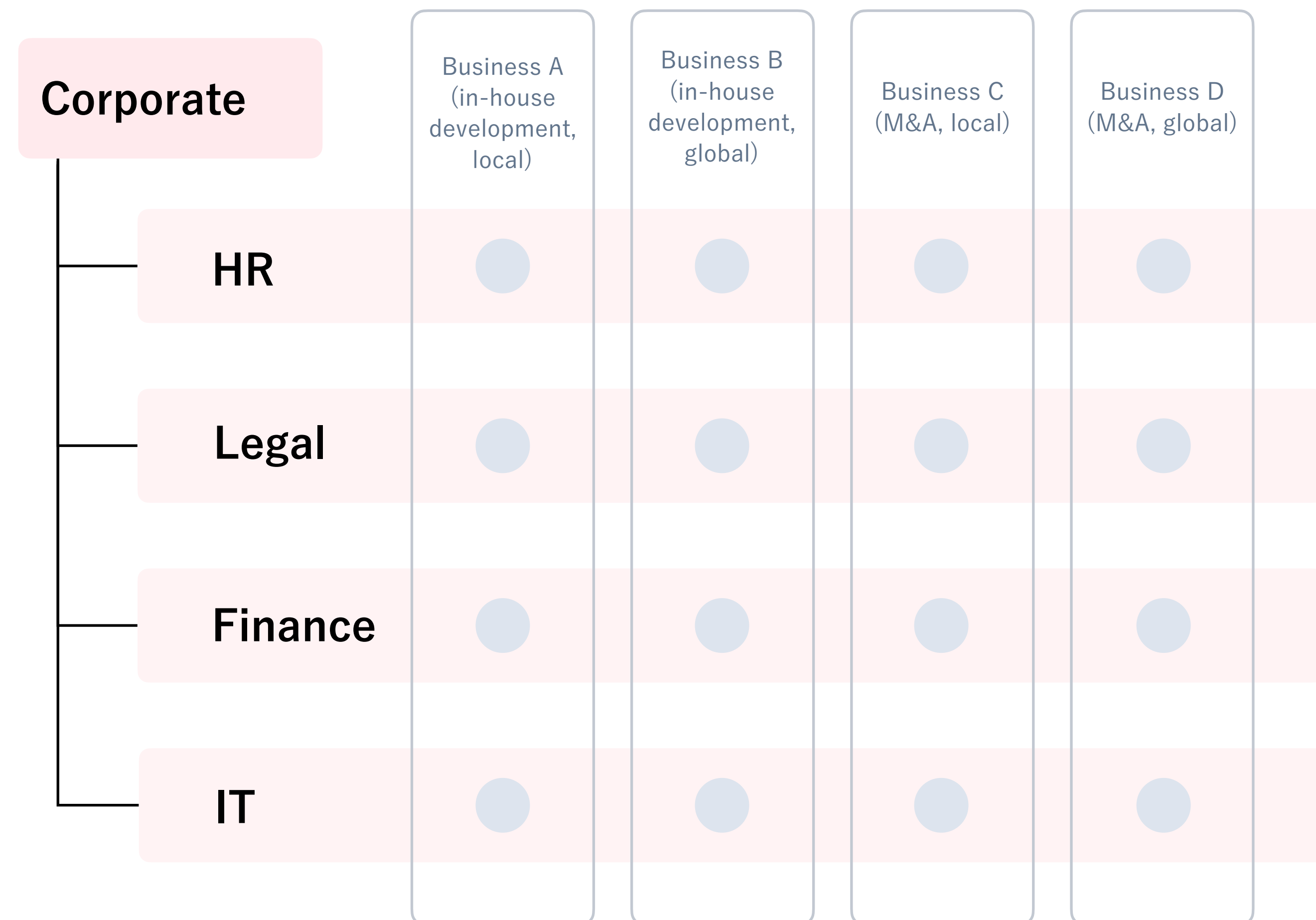
## Open Innovation (see p. 31)

We aim to have 10 or more businesses that can be consolidated through this initiative

**10 or more businesses**

## Organizational status

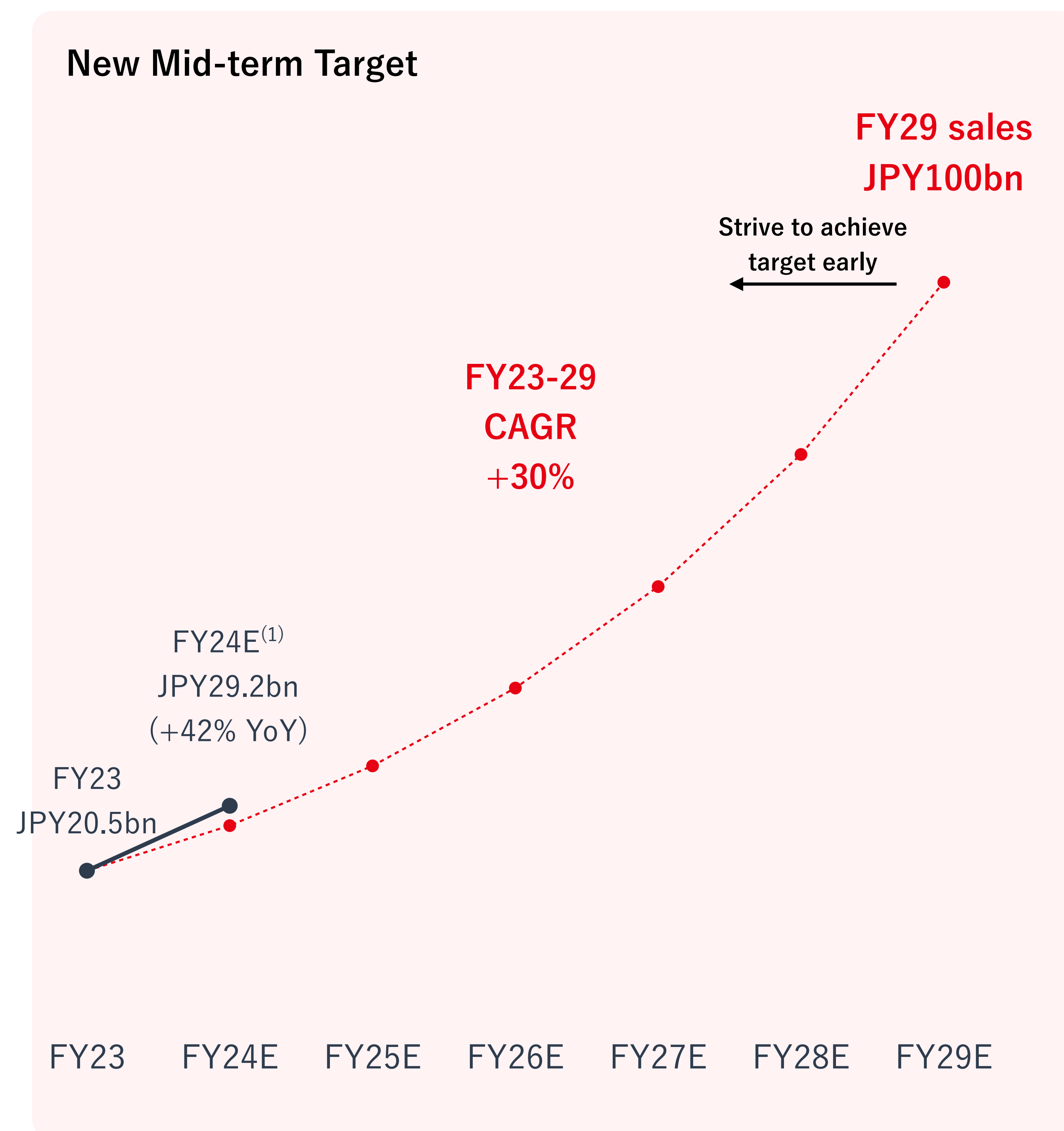
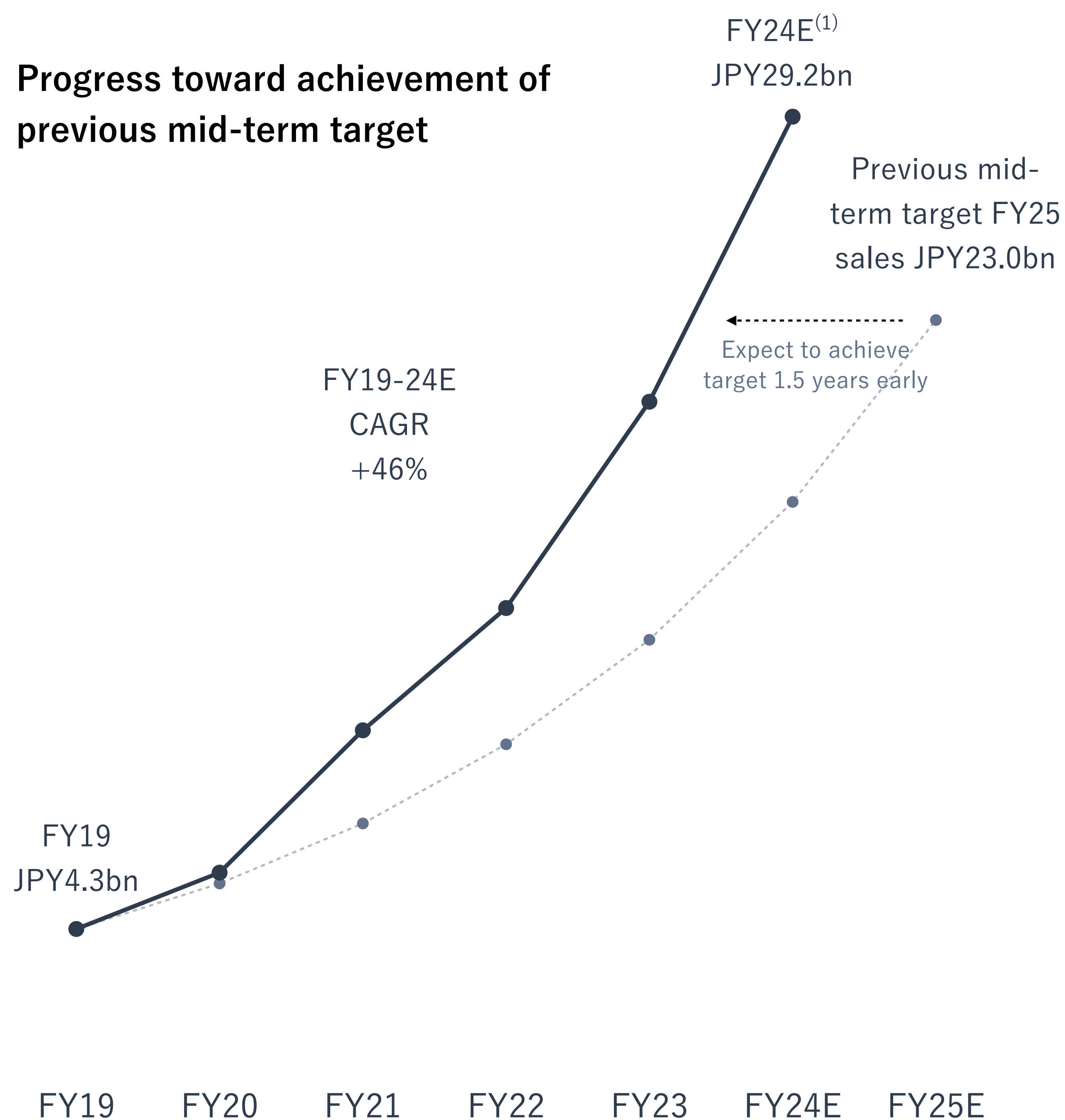
We aim to create an organization wherein we are able to centrally manage all of our products, whether they are local or global, developed in-house, or acquired via M&A. This “Global One” organization will feature robust international and cross-functional reporting lines.





# Established New Mid-term Target

We expect to achieve our previous mid-term target (announced in February 2020) 1.5 years ahead of schedule (LTM basis). Our new mid-term target is FY2029 sales of JPY 100 billion. Our FY29 EBITDA target, which factors in costs related to preparations for beyond FY2029 (see p.28), is JPY 20 billion (EBITDA margin: 20%). Our primary plan is to increase sales and profit during the new mid-term target period. But, we will also strive to achieve our new mid-term target as soon as possible by responding to changes in the business environment and prioritizing investment opportunities.



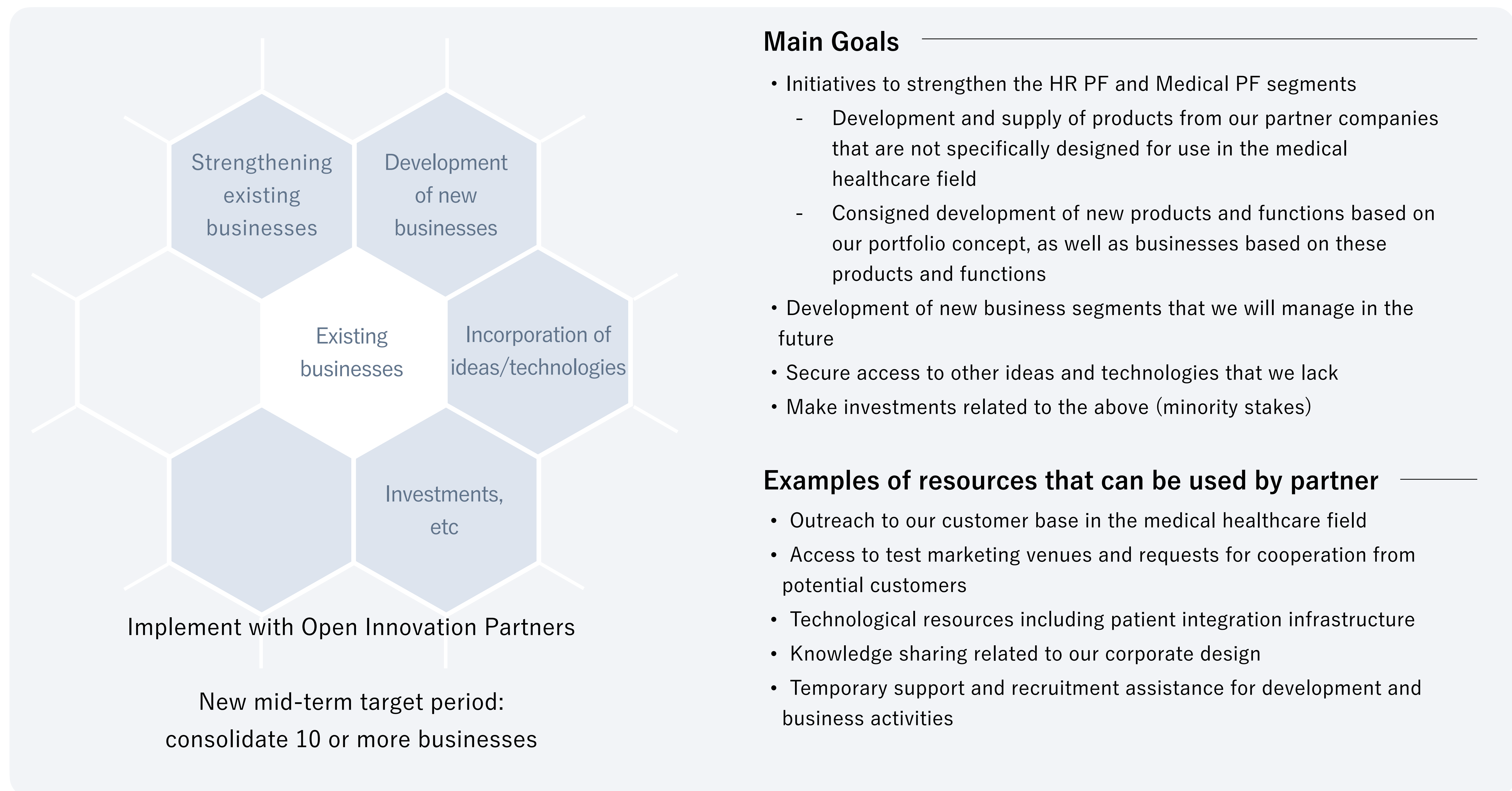
(1) Forecast assumes consolidation of GUPPY's in April 2024. Assumptions are based on conservative examination and adjustments made by Medley to business projections received from GUPPY's.

Regarding the content of the new mid-term plan, we plan to prepare multiple scenarios and flexibly make adjustments in response to return on investment and market conditions. While our basic policy regarding investment highlights (p.39~) will not change during the period covered by the new mid-term target, we may make partial adjustments in accordance with the assumptions of the new mid-term target (p.27–28).

	Financial indicators	Additional notes
HR PF (Japan)	<ul style="list-style-type: none"> <li>• <b>Sales: <u>Approximately JPY 65bn</u></b></li> <li>• <b>EBITDA margin: <u>Approximately 40%</u></b> <ul style="list-style-type: none"> <li>- <u>Could decline slightly depending on product mix</u></li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• <b>YoY growth rate in head segment (see p.61): <u>+54%</u></b></li> <li>• Number of customer offices: Maintain customer acquisition pace</li> <li>• ARPU improvement: Strengthen high-unit-cost occupations, improve functionality, enhance integration of services</li> </ul>
HR PF (overseas)	<ul style="list-style-type: none"> <li>• <b>Sales: <u>Approximately JPY 10bn</u></b> <ul style="list-style-type: none"> <li>- <u>Expect rapid growth to continue in FY29 and beyond</u></li> </ul> </li> <li>• <b>EBITDA margin: <u>Approximately 20%</u></b></li> </ul>	<ul style="list-style-type: none"> <li>• <b>Confirmation of improvement trend in demand and labor efficiency</b></li> <li>• Number of customer offices: Expansion beyond limited areas/occupations</li> <li>• ARPU improvement: Creation of a group of engaged users</li> </ul>
Medical PF	<ul style="list-style-type: none"> <li>• <b>Sales: <u>Approximately JPY 25bn</u></b></li> <li>• <b>EBITDA margin: <u>Approximately 20%</u></b> <ul style="list-style-type: none"> <li>- <u>In principle, target growth while maintaining positive EBITDA</u></li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• <b>Nearly full completion of measures to improve EMR gross margins</b></li> <li>• Number of customer offices: Broader dissemination of EMR in response to societal demand</li> <li>• ARPU improvement: Strengthening of services for patients and stakeholders</li> </ul>
Corporate Expenses	<ul style="list-style-type: none"> <li>• <b>Ratio vs. companywide sales: <u>Approximately 10–12%</u></b> <ul style="list-style-type: none"> <li>- Continued downtrend in ratio of corporate expenses to sales</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Increase number of employees from 1,105 to approximately 4,000</li> <li>• Implement Global One initiative (see p.28)</li> <li>• Consolidate 10 or more businesses from Open Innovation (see p.31)</li> <li>• Plan to establish stock-based compensation system linked to new mid-term target (expected dilution of approximately 1–2%)</li> </ul>



In order to accomplish our mission of “Creating the future of medical healthcare”, we will strengthen our open innovation initiatives. We define open innovation as sparking innovation by leveraging the business/research assets and knowledge of outside companies and individuals such as researchers, entrepreneurs, and experts. During the period covered by our new mid-term target, we will use open innovation to consolidate 10 or more businesses.



# Reference: Outlook for Investment Capacity During the New Mid-term Target Period

Operating cash flow produced by our businesses is on a rising trend owing to business expansion and margin improvement in our existing businesses. We estimate that our investment capacity (including additional borrowing capacity) will be approximately JPY 90 billion during the period covered by the new mid-term target and we expect to be able to take advantage of attractive investment opportunities.

## Current financial position and outlook for investment capacity

Consolidated balance sheet as of December 2023 (unit: million JPY)

- Operating cash flow continues to rise and **we expect to generate total operating cash flow of over JPY 40 billion during the mid-term target period.**
- Our investments will include M&A mainly focused on potential synergies
- Funds available for investment during the the mid-term target period **total roughly JPY 40 billion assuming no additional capital procurement**

Cash and deposits 15,354	Debt 1,660
	Other liabilities 6,132
Other assets 10,076	Net assets 17,637

- Owing to our focus on cost of capital, we plan to **prioritize debt financing over equity financing.**
- Factoring in accumulation of net assets from profit achieved during the period covered by the mid-term target and assuming that we maintain a debt-to-equity ratio below 1.0x, we have additional borrowing capacity of **approximately JPY 50 billion.**

Capital ratio: 69.0%, D/E ratio: 0.09x



# Major Potential Risk Factors Toward New Mid-term Target and Planned Countermeasures

As part of our efforts to reach our mid-term target and maximize free cash flow over the long term, we identify and analyze risks and develop appropriate responses to them. Below, we outline major risks.

Major Risk Factor <sup>(1)</sup>	Segment	Possible Risk Scenario	Main Countermeasures
Intensification of competition for human resources	All	<ul style="list-style-type: none"> <li>Intensification of competition with other Internet companies for high-quality human resources could impede the continued growth of our businesses</li> </ul>	<ul style="list-style-type: none"> <li>Strengthen our incentive plan</li> <li>Introduce a human resources system with the goal of achieving sustainable business growth</li> <li>Increase spending related to engineer hiring and raise unit prices</li> </ul>
Large-scale leak of personal information	All	<ul style="list-style-type: none"> <li>The leak or loss of personal information obtained by the Group could lead to a loss of trust in the Group by society, a decline in competitiveness, and result in the bearing of large costs in the form of compensation for damages</li> </ul>	<ul style="list-style-type: none"> <li>Continue international ISMS certification</li> <li>Conduct information handling training for employees</li> <li>Improve security systems</li> <li>Conduct thorough information access management</li> <li>Strengthen internal control systems</li> </ul>
Large-scale system failure	All	<ul style="list-style-type: none"> <li>Prolonged system failure could have an adverse impact on the relationships of trust that the Group has built with our customers</li> </ul>	<ul style="list-style-type: none"> <li>Strengthen systems to ensure stable operations</li> <li>Enhance security</li> <li>Construct a system that can be restored in a short period of time</li> </ul>
Intensification of competition	HR PF	<ul style="list-style-type: none"> <li>Increase in advertising and sales promotion costs in response to heating up of competition</li> </ul>	<ul style="list-style-type: none"> <li>Continue to follow cost leadership strategy</li> <li>Expand and enhance our pool of registered medical professionals</li> <li>Expand our product lineup to meet the needs of our customers</li> <li>Increase customer utilization by improving functionality and operability</li> <li><u>Consider raising prices in response to wage increases</u></li> </ul>
	Medical PF	<ul style="list-style-type: none"> <li>Decline in per-customer unit pricing due to heating up of competition</li> </ul>	<ul style="list-style-type: none"> <li>Increase per-customer unit pricing by expanding product lineup</li> <li>Develop services with input from medical professionals with clinical experience including engineers and doctors</li> <li>Increase efficiency and functionality of operations</li> <li><u>Expand business to provide high-value-added services leveraging our large customer base</u></li> </ul>
Regulatory changes	Medical PF	<ul style="list-style-type: none"> <li>Slowdown in customer acquisitions from an issue in the provision of telemedicine and online drug administration guidance services, or tightening of regulations as a result of policy changes, including revision of medical care prices (occurs once every two years)</li> </ul>	<ul style="list-style-type: none"> <li>As the company with a track record of installing the largest telemedicine and online drug administration guidance systems in Japan, we will leverage our systems to support medical institutions in an appropriate manner</li> </ul>

(1) Herein, we summarize a selection of the risks to growth and achievement of our targets listed in the Business Risks section of our securities reports. Highlighted are risks that have a medium or greater possibility of materializing. For information regarding other risks, please see the Business Risks section of our securities reports.

1. FY2023 Q4 Results

2. FY2023 Full-year Results

3. Establishment of New Mid-term Plan

**4. FY2024 Full-year Forecast**

5. Investment Highlights

	Assumption	Financial Indicators
HR PF	<ul style="list-style-type: none"> <li>Number of customer offices: Maintain the same growth</li> <li>Improvement of ARPU                             <ul style="list-style-type: none"> <li>Improve utilization rate by gaining job seekers, Increase by improving functionality</li> <li>Contribution of online training system</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Sales Growth: <u>approx. +35%</u> (FY23: +45%)</li> <li>EBITDA margin: <u>approx. 40%</u> (FY23: 45%)</li> </ul>
Medical PF	<ul style="list-style-type: none"> <li>Secure customer offices, improve ARPU, streamline costs                             <ul style="list-style-type: none"> <li>Strengthening approaches to acquire patient users</li> </ul> </li> <li>Impact from deregulation is conservatively factored in</li> <li>Continue investment in development targeting midterm growth</li> </ul>	<ul style="list-style-type: none"> <li>Sales Growth: <u>approx. +30%</u> (FY23: +46%)</li> <li>EBITDA margin: <u>positive</u> (FY23: -2%)</li> <li>Minor impact on P/L from revision of alliance with NTT DOCOMO (p.37)</li> </ul>
New Services	<ul style="list-style-type: none"> <li>Conduct test marketing in the US</li> <li>Began development of EMR for acute care hospitals</li> <li>Began development of new businesses in the HR PF Business</li> </ul>	<ul style="list-style-type: none"> <li>US test marketing costs: <u>approx. JPY 500 million</u></li> <li>Development costs for EMR for acute care hospitals: <u>approx. JPY 200 million</u></li> <li>New business development costs in HR PF: <u>approx. JPY 200 million</u></li> </ul>
Corporate Expenses	<ul style="list-style-type: none"> <li>Continued proactive hiring to achieve growth                             <ul style="list-style-type: none"> <li>HR PF: approx. 160 new hires</li> <li>Medical PF: approx. 130 new hires</li> <li>Corporate: approx. 60 new hires</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Continued downtrend in ratio of companywide expenses-to-sales                             <ul style="list-style-type: none"> <li><u>Increase investments into human capital related areas, which includes hiring</u></li> </ul> </li> </ul>
Others	<ul style="list-style-type: none"> <li><u>Sales from GUPPY's (in tender offer period) and still-to-be-determined new businesses, as well as potential impact of M&amp;A deals with low probability are not factored into forecasts (will be reflected when concluded)</u></li> </ul>	



Our initial forecast for companywide sales growth in FY2024 is 32%. We are also considering and implementing M&A including the acquisition of GUPPY's and other initiatives. We also plan to spend a total of JPY 900 million on development of our US businesses and EMR for acute care hospitals and our EBITDA margin excluding these expenditures is expected to be roughly the same as in FY2023. We also plan to grow all profit lines below EBITDA and we plan to revise our earnings estimates after completion of the consolidation of GUPPY's.

(JPY mm)	FY2023 Actual	FY2024 Forecast	For reference: after consolidation of GUPPY's <sup>(1)</sup>
<b>Sales</b>	<b>20,532</b>	<b>27,100</b>	<b>29,225</b>
Sales growth	44.7%	32.0%	42.3%
<b>Gross Profit</b>	<b>13,586</b>	<b>18,280</b>	<b>20,213</b>
Gross Profit margin	66.2%	67.5%	69.2%
<b>EBITDA</b>	<b>3,394</b>	<b>3,900</b>	<b>4,382</b>
EBITDA margin	16.5%	14.4%	15.0%

(1) Forecast assumes consolidation of GUPPY's in April 2024. Assumptions are based on conservative examination and adjustments made by Medley to business projections received from GUPPY's.



# Revision of capital and business alliance with NTT DOCOMO

On February 14, 2024, we agreed to a revision of our capital and business alliance with NTT DOCOMO. The financial impact of this transaction has been reflected in our FY2024 earnings forecast. We will continue our partnership with NTT Docomo even after the revision of our alliance through cooperation with d-accounts and d-points.

<b>Summary of transaction</b>	<b>Revision of capital and business alliance with NTT DOCOMO</b>	<ul style="list-style-type: none"> <li>• Revision of capital and business alliance with NTT DOCOMO                             <ul style="list-style-type: none"> <li>- Contract date: February 14, 2024</li> <li>- Joint operation of patient app to continue until December 31, 2024</li> <li>- Joint operation of patient-facing app will continue until the effective date</li> </ul> </li> </ul>
	<b>Sale of equity holdings in minacolor</b>	<ul style="list-style-type: none"> <li>• All equity in minacolor held by Medley will be sold to NTT DOCOMO                             <ul style="list-style-type: none"> <li>- Sale price: JPY 1,569 million (book value)</li> <li>- Transfer contract date: February 14, 2024</li> </ul> </li> </ul>
<b>Financial impact on Medley</b>	<b>P/L</b>	<ul style="list-style-type: none"> <li>• Impact on the Medical PF Business: Reflected in our FY2024 earnings forecast</li> <li>• Gain/loss on sale of minacolor equity: None (sold at book value)</li> </ul>
	<b>Balance sheet/ Shareholder structure</b>	<ul style="list-style-type: none"> <li>• No balance sheet impact</li> <li>• If NTT DOCOMO decides to sell its equity stake (3%) in Medley, they will conduct a block trade to consider for market impact</li> <li>• Sale of equity in minacolor: The applicable securities will be exchanged for cash</li> </ul>

We are executing a tender offer for GUPPY's shares from January 22 to March 7, 2024. The transaction will amount to JPY 11,829 million if it settles and we expect to use cash and deposits on hand and debt for the transaction. Through this deal, we will acquire an examination prep support app for national qualifications, a new grad recruiting internet site, and a pay-per-click based mid-career recruiting internet site and aim to create synergies to significantly improve ARPU.

- Transaction Summary**
- Acquisition cost (JPY 11,829 million): to be sourced from cash/deposits on hand and debt
  - Tender offer period: 32 business days

## Company Overview

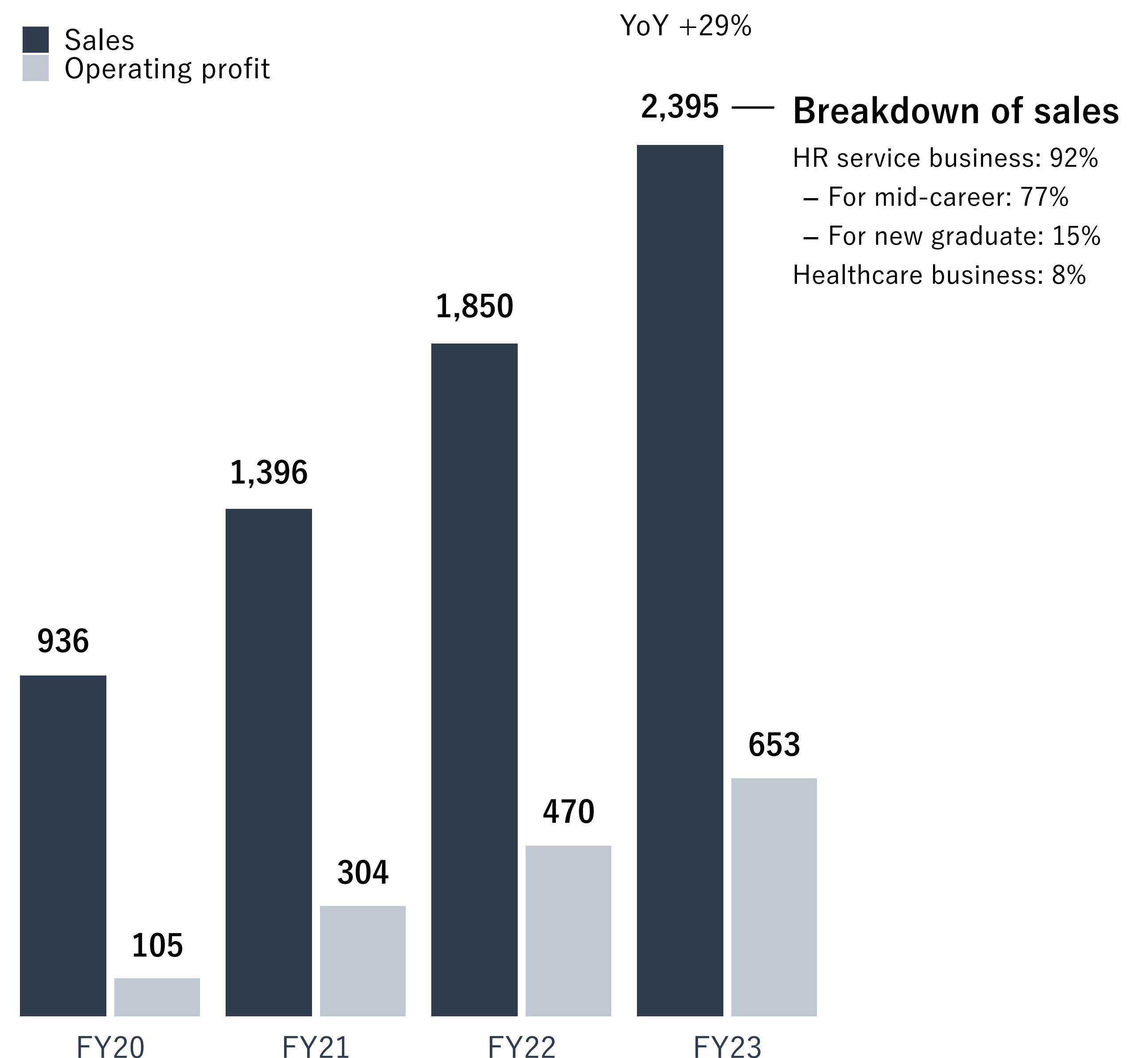
Established	September 2000
Number of Employees	85 (As of August 2023)
Overview of business	<p>Business focusing on HR services in the medical, nursing, and welfare industry</p> <ul style="list-style-type: none"> <li>- Recruiting site for mid-career employees ("GUPPY Kyujin" or GUPPY Recruiting)</li> <li>- Recruiting site for new graduate students ("GUPPY Shinsotsu" or GUPPY New Graduate), and more.</li> </ul> <p>Healthcare business utilizing a health management app</p>

## Key Characteristic: Strong Presence in the New Grad Market

National qualification exam prep support apps	<ul style="list-style-type: none"> <li>• Development of 16 apps for 16 different types of medical, nursing, and welfare qualifications</li> <li>• Used by 80% of students in the dental hygienist and registered dietician fields</li> </ul>
Recruiting website for new graduate students	<ul style="list-style-type: none"> <li>• Job search website for 27 occupations in medical, nursing, and welfare</li> <li>• Approximately 30,000 students registered nationwide</li> <li>• Annual job posting fee collected from customers</li> </ul>

## Financial Results

(JPY mm)



Sources: GUPPY's Securities Report, Financial Results, and Presentation Material

1. FY2023 Q4 Results
2. FY2023 Full-year Results
3. Establishment of New Mid-term Plan
4. FY2024 Full-year Forecast
- 5. Investment Highlights**

1. Vast opportunities in the medical and healthcare field
2. Continuous growth through maximization of customer office numbers and ARPU
3. Disciplined investment in growth



Technology is not being fully leveraged in the medical and healthcare industry due to heavy regulations. Our ultimate goal is to solve medical and healthcare issues by leveraging the internet and information technology.

### HR PF Business

We operate JobMedley, one of Japan's largest recruitment systems in medical healthcare field, and JobMedley academy, online video training service. Our objective is not only to provide better matching for job seekers and medical providers, but to resolve the shortage of medical and healthcare personnel by facilitating unemployed but qualified workers return to work and tackling the issue of uneven service distribution between communities.



### New Services

We are continuously developing businesses to promote the use of IT in the nursing care area and in peripheral areas.

### Medical PF Business

We provide CLINICS telemedicine, one of the leading telemedicine system in Japan, CLINICS electronic medical record system (EMR) for clinics, Pharms (cloud-based pharmacy support system) for pharmacies, MEDLEY (online medical encyclopedia dedicated for patients), MALL (EMR for hospitals), Dentis (cloud-based dental clinic support system), and more, with a focus to build a platform beneficial for both patients and medical institutions.



Medical institutions in Japan have been facing a variety of challenges including heavy burden on-site and increased complexity of medical care. The importance of digitalization is increasing owing to macro trends such as the declining birthrate and aging population and advancements in digital technologies.

### Key Challenges Surrounding in Medical and Healthcare Industry

#### Medical Providers

#### Heavy burden on-site

- Labor shortage and declining profitability
- Complex medical technologies

#### Patients

#### Increasingly complex medical care

- Difficulty of appropriate medical use
- Long waiting/traveling time

#### Government

#### Financial stringency

- Shrinking workforce
- Massive social welfare spending

#### Technological Progress



Highly functional mobile device



Sensing technology

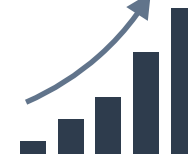


Security

#### Changes in Industry Environment



Declining birthrate and aging population



Rising medical cost



Deregulation

Promote Digitalization

#### Medley's Vision for Future



Efficient Operation by Medical Providers



Full Utilization of Medical Services by Patients



Optimal Allocation of Resources by Government

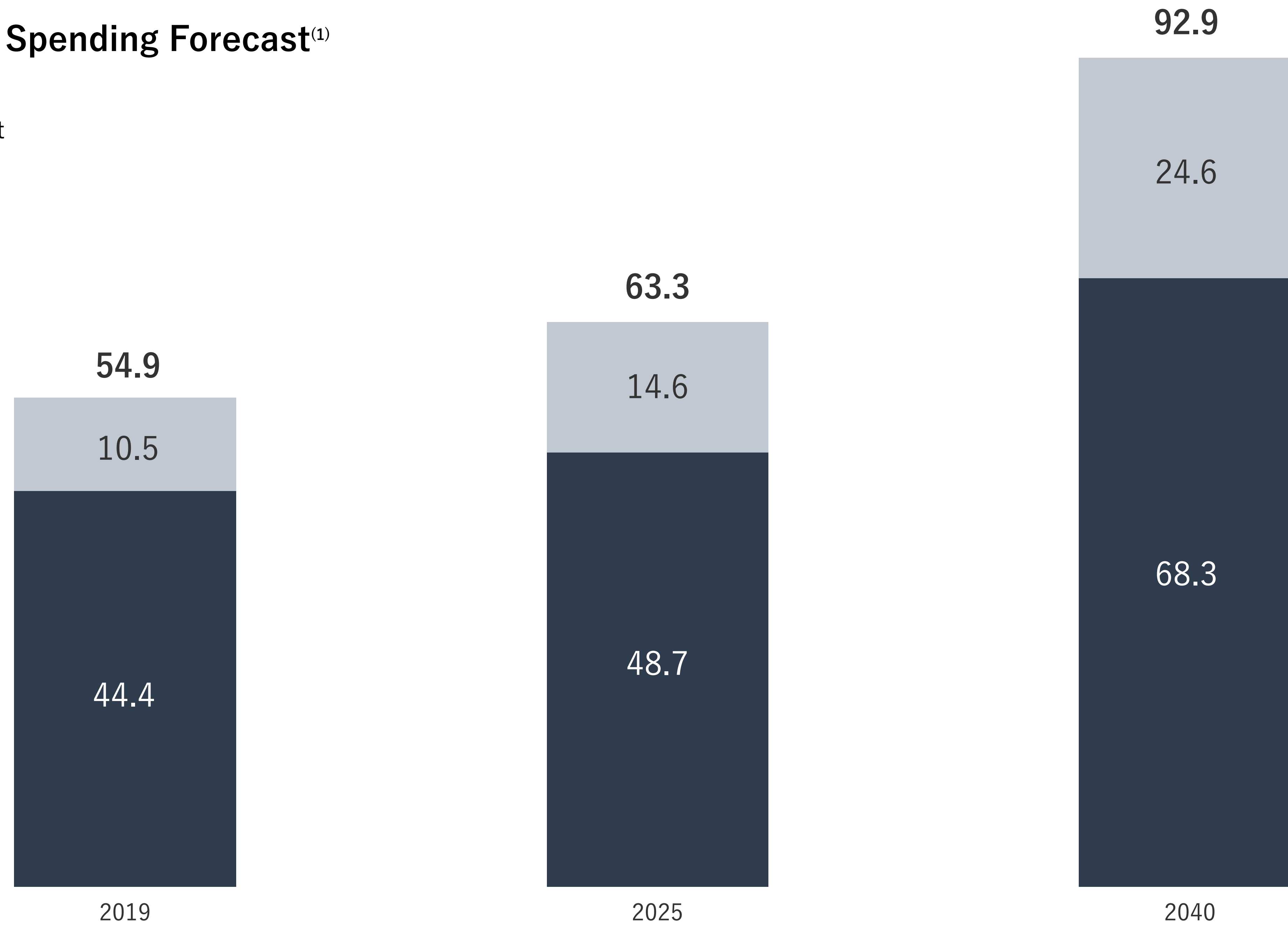
# Defensive Growth Industry: Social Welfare Spending and Number of Employees Not Impacted by Economic Trends

Spending on social welfare is expected to rise continuously in Japan owing to the aging of the population. This and the declining workforce population are important and well recognized issues in Japan.

## Social Welfare Spending Forecast<sup>(1)</sup>

(JPY Trillion)

- Nursing care cost
- Medical cost

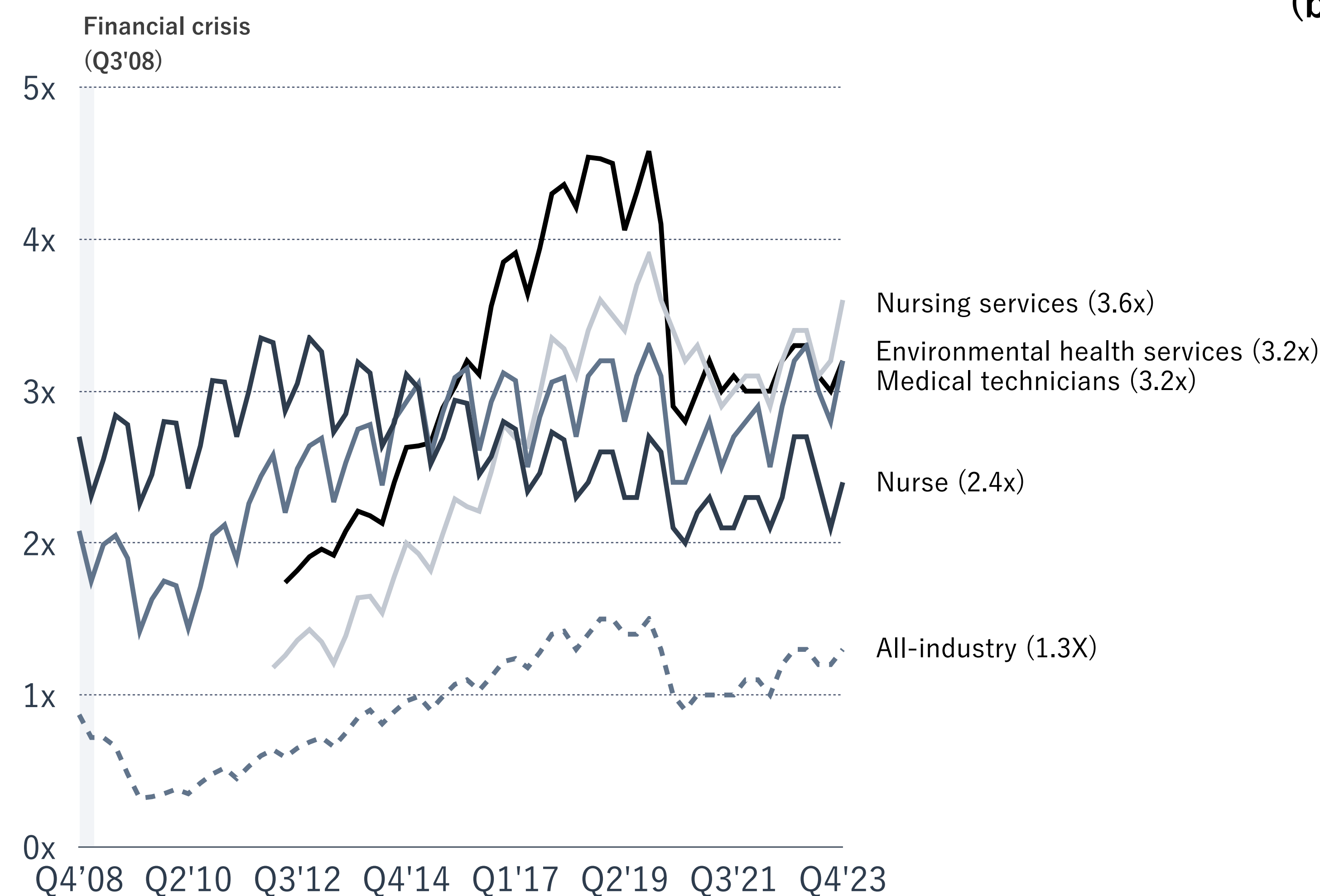


(1) Report from Ministry of Health, Labour and Welfare



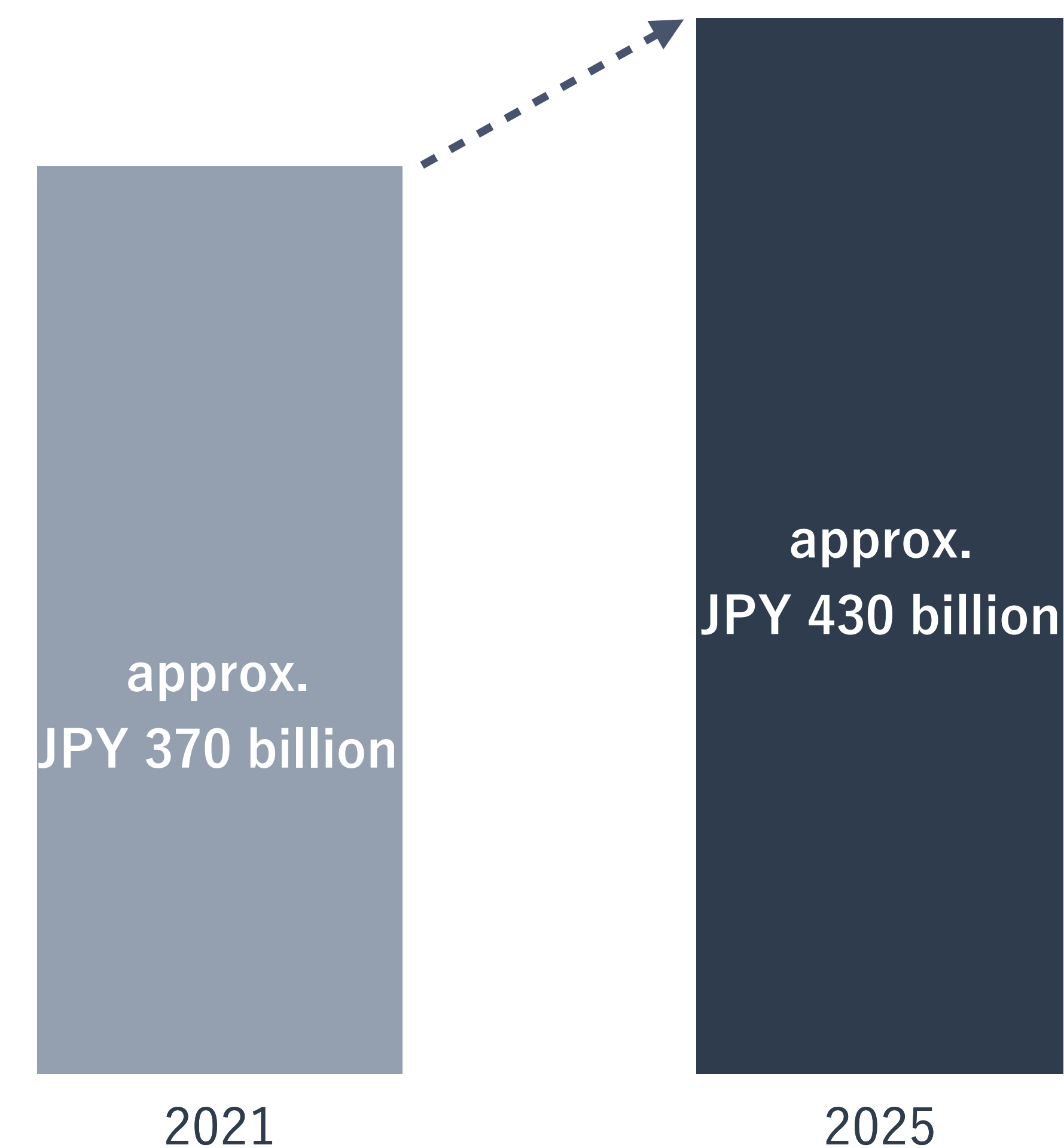
The Japanese medical industry suffers from a chronic shortage of workers, with a jobs-to-applicant ratio that remains much higher than the average for all industries regardless of economic conditions. We estimate the current market size to be approximately JPY 370 billion, and expect expansion to up to JPY 430 billion in 2025 driven by increasing demand.

Ratios of Job Openings to Job Applicants<sup>(1)</sup>



(1) Ministry of Health, Labour and Welfare statistics, 3-months average

Market Size of the Medical/Healthcare Recruitment Industry (based on our unit price)<sup>(2)</sup>



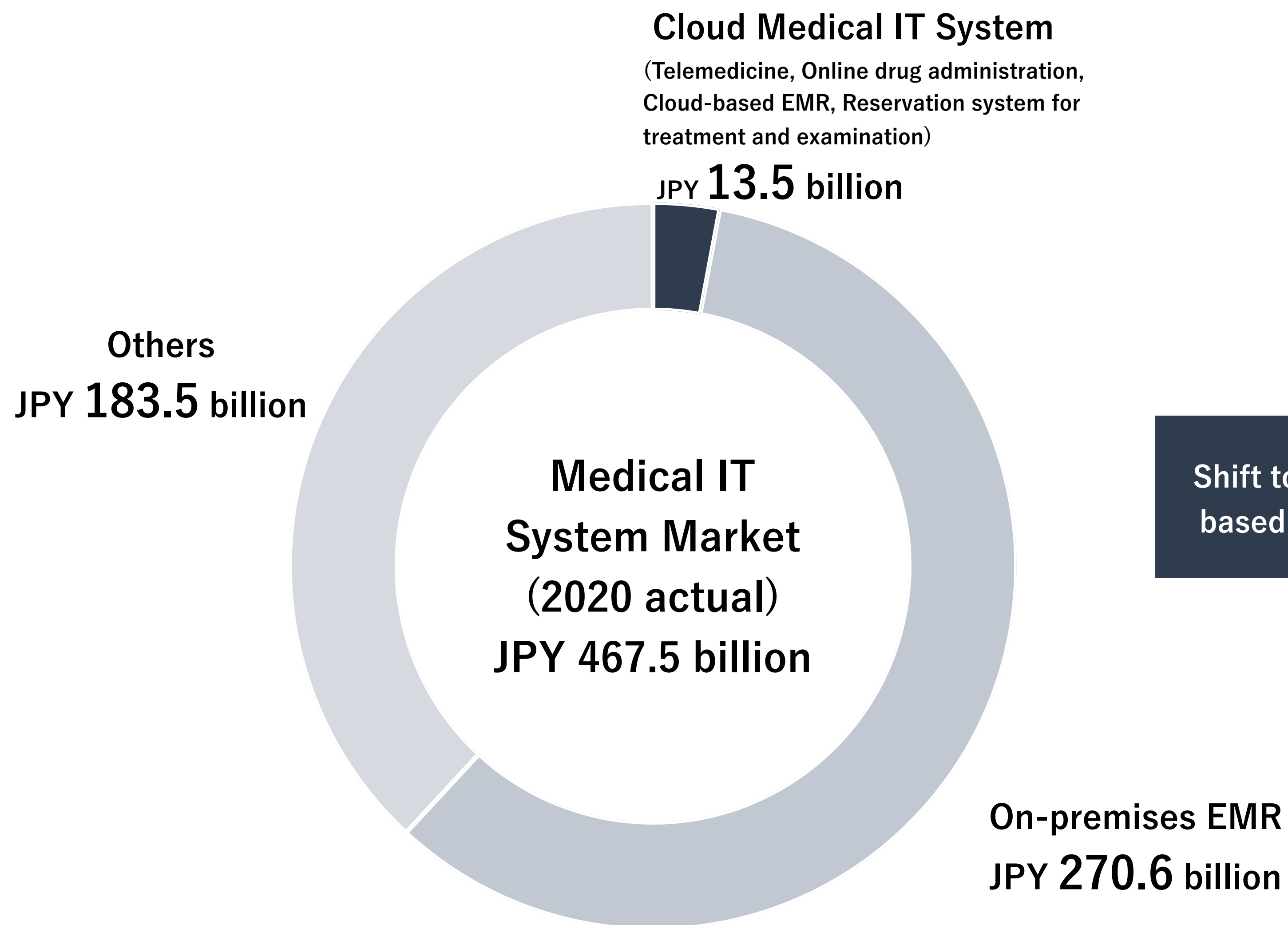
(2) Estimates by Medley, Inc.

FY2021A: Calculated based on the number of employees in the medical/beauty healthcare industries in Japan (roughly 9.9 million), the average annual hiring rate for occupations that fall under the category of “medical care/welfare” and “environmental health services” in FY2019 employment trend survey results (approximately 16% for the “medical care/welfare”, approximately 25% for the “environmental health services” = approximately 1.6 million people), and the average unit price of JobMedley placements for all occupation categories.  
 FY2025E: Based on the abovementioned FY2021A multiplied by the medical cost growth rate in Future Outlook for Social Security in Anticipation of 2040 published by the Cabinet Secretariat, the Cabinet Office, the Ministry of Finance, and the Ministry of Health, Labour and Welfare.

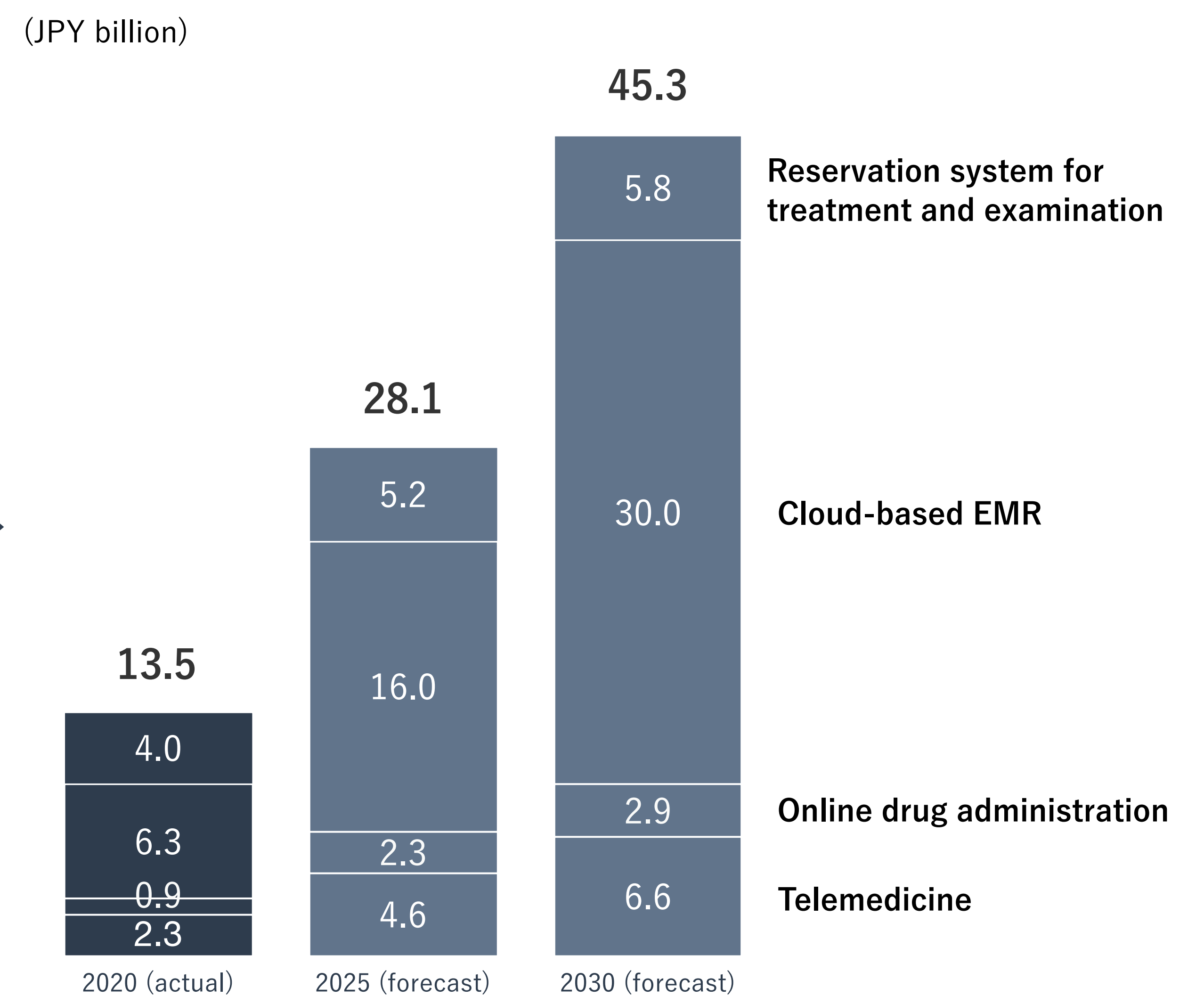


The estimated current medical IT system market size is approximately JPY 470 billion. Today, the bulk of the systems used in medical industry are on-premise based (on-site servers), but more platforms have been adopting cloud-based systems since deregulation in 2010, owing to advantages in terms of costs and convenience. The cloud medical IT system market is expected to grow at a 10-year (FY2020-2030) CAGR of 12.9% due to the low operating efficiency and customary use of long-term contracts.

Scale of the Medical IT System Market<sup>(1)</sup>



Cloud Medical IT System Market in Our Operating Area<sup>(1)</sup>



Currently, most systems are on-premises based (on-site servers)

Cloud-based systems are expected to become more prevalent in light of deregulation, cost advantages, and greater convenience.

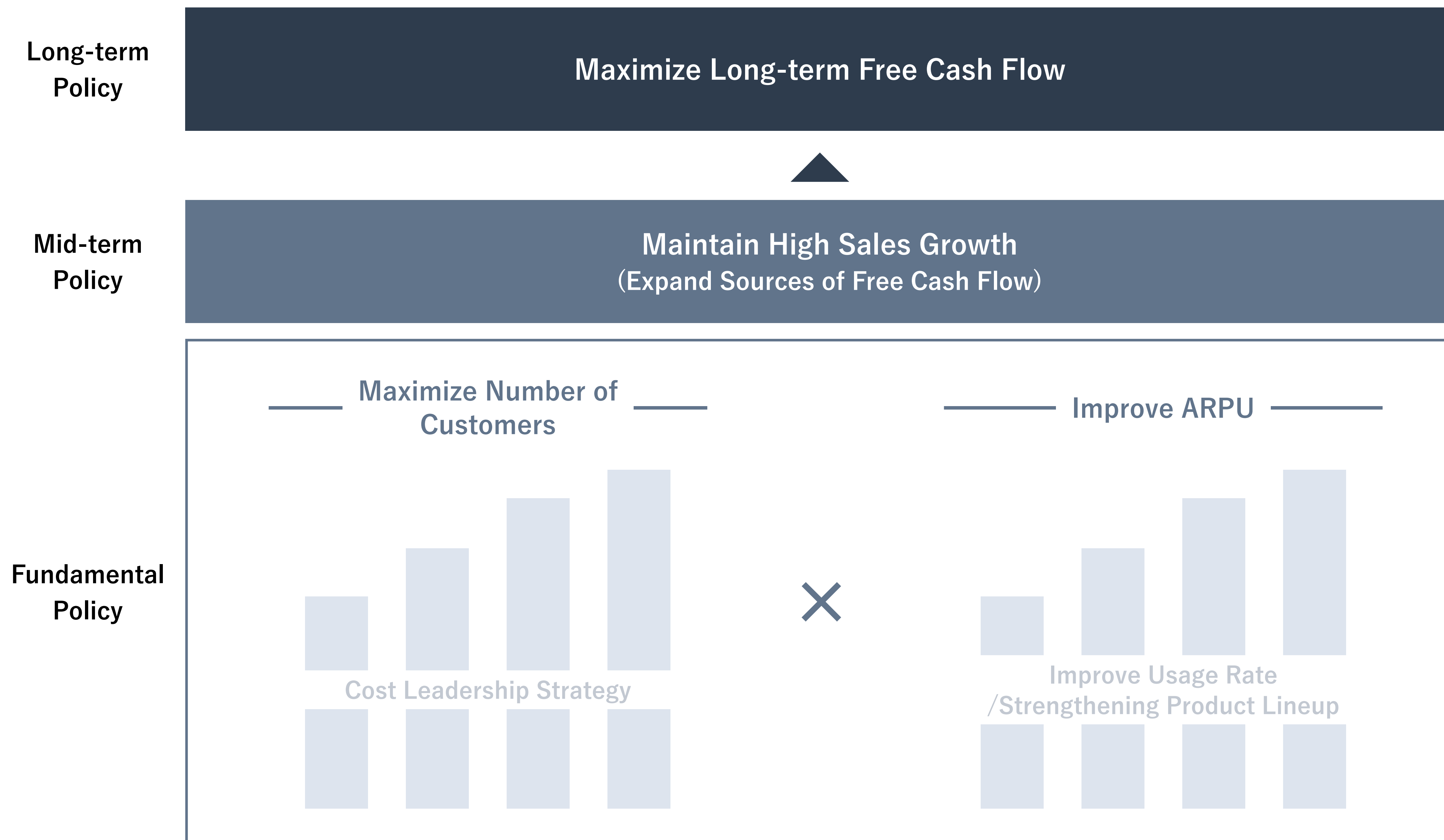
(1) The Current Status and Future Market Trends Related to Medical Cooperation and Medical Platforms in 2022 by Fuji Keizai

The Japanese government has announced and implemented deregulation and policies to promote telemedicine and EMR, as well as the revitalization of regional healthcare through the use of digital technologies. We view these initiatives as beneficial to the development of our businesses.

Institution/Policy	Overview	Major medical affairs
<p><b>Medical DX roadmap</b></p>	<ul style="list-style-type: none"> <li>As indicated in the Basic Policy 2022 published by the Headquarters for Medical Digital Transformation (DX) Promotion on June 2, 2023               <ul style="list-style-type: none"> <li>Driving medical/healthcare-related policies stated in the Basic Policy 2022</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Creation of a nationwide medical data platform               <ul style="list-style-type: none"> <li>Creation of an EMR data sharing system (tentative name)</li> <li>Data sharing using My Number card</li> </ul> </li> <li>Standardization of EMR information               <ul style="list-style-type: none"> <li>Utilization of medical informatization support fund</li> <li>Start development of a standardized EMR (in FY2024)</li> <li><u>Targeting to have almost all medical institutions adopt an EMR system by 2030</u></li> </ul> </li> </ul>
<p><b>Revisions to official medical prices in FY2024</b></p>	<ul style="list-style-type: none"> <li>Triple revisions to medical care, long-term care, and welfare services</li> <li>Promotion of human resource recruitment and work style reforms based on current employment conditions</li> <li>Looking ahead to the post-2025 era and deepening and promoting regional comprehensive care systems, differentiating and strengthening of medical functions including medical DX, and promotion of cooperation</li> </ul>	<ul style="list-style-type: none"> <li>Promotion of human resource recruitment and work style reforms               <ul style="list-style-type: none"> <li>Efforts to increase wages of medical professionals</li> <li>Task sharing/task shifting</li> <li><u>Promotion of use of ICT contributing to operational efficiency</u></li> </ul> </li> <li>Promotion of differentiation and strengthening of medical functions including medical DX, promotion of cooperation               <ul style="list-style-type: none"> <li>Effective utilization of medical information through promotion of medical DX, promotion of telemedicine</li> </ul> </li> </ul>
<p><b>Comprehensive Strategy for the Vision for a Digital Garden City Nation (DIGIDEN)</b></p>	<ul style="list-style-type: none"> <li>June 7, 2022: Cabinet decision</li> <li>Aiming for a “nationwide society that is convenient and comfortable for anyone to live in”               <ul style="list-style-type: none"> <li>Rapidly develop digital infrastructure and actively promote DX in rural areas in both the public and private sectors</li> </ul> </li> <li>National government support of regional digital initiatives via grants</li> <li>Medical healthcare is an important theme in creation of attractive local areas</li> </ul>	<ul style="list-style-type: none"> <li>Revitalizing local communities through disease prevention and health promotion               <ul style="list-style-type: none"> <li>Creating an environment for the development of PHR services</li> </ul> </li> <li>Use of future technologies in the medical field               <ul style="list-style-type: none"> <li>Use of future technologies in the medical field (appropriate expansion of telemedicine)</li> <li>Expansion of online dosage guidance</li> <li>Promotion of electronic prescriptions, online verification, etc.</li> </ul> </li> </ul>

# Maintain High Sales Growth by Maximizing Number of Customers and ARPU

Our management policy is to maximize long-term free cash flow and maintain high sales growth by increasing the value provided to our customers. In order to achieve continuous sales growth, we pursue a basic strategy of maximizing the number of customer offices served and improving ARPU. In order to continuously improve ARPU, we pursue a business model focused on stable, recurring sales.



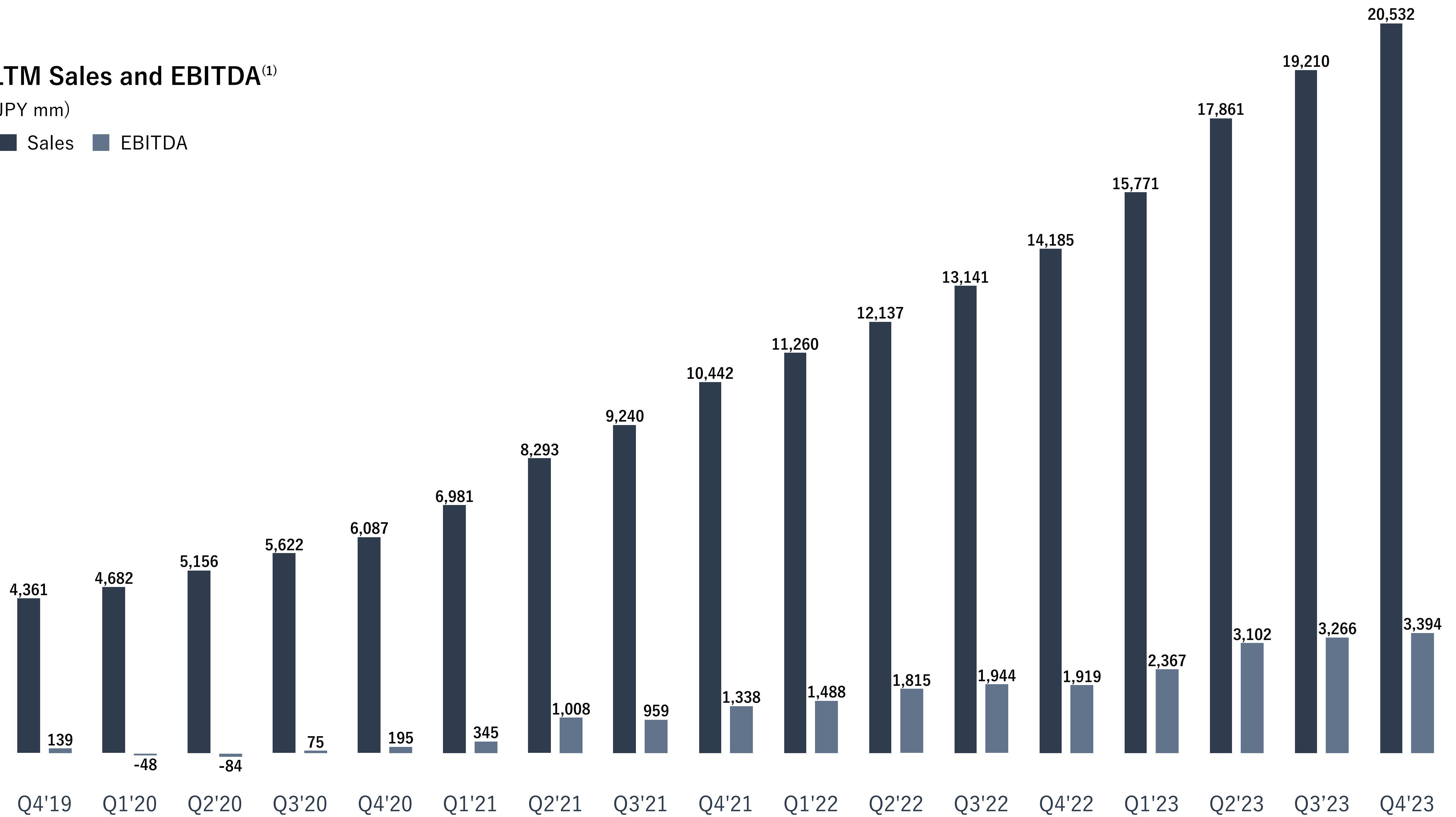


Although sales in HR PF tend to seasonally concentrate on every Q2, sales and EBITDA for the last 12 months (LTM) have been on a stable increasing trend.

## LTM Sales and EBITDA<sup>(1)</sup>

(JPY mm)

■ Sales ■ EBITDA



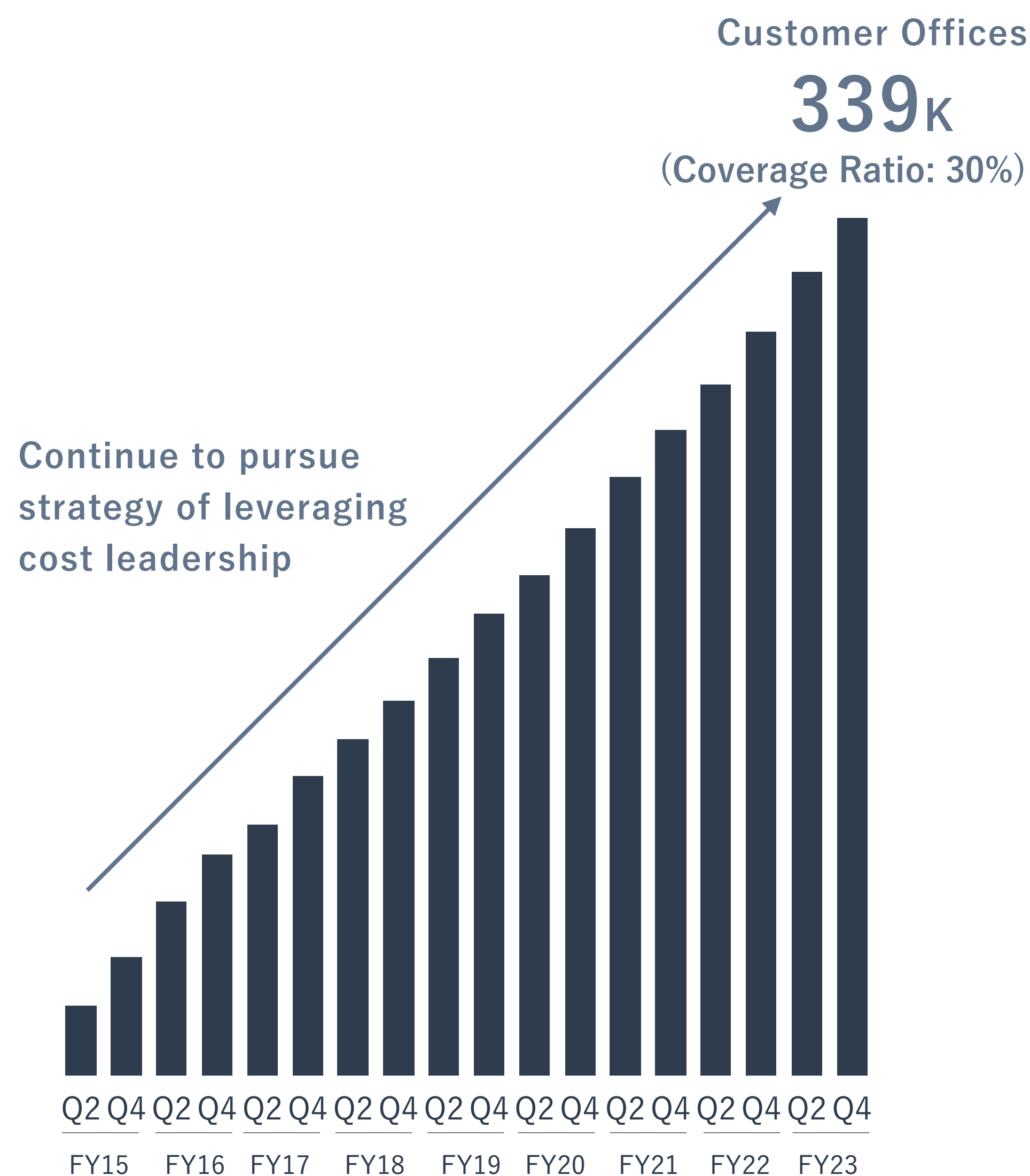
(1) Sum of sales and EBITDA for the last 12 months from the end of each quarter. Figures for FY2021 and earlier are based on the new revenue recognition standard.



In the HR PF Business, not only will we work towards improving labor shortage so that patients can receive appropriate medical service, but we will provide full-scale support to both businesses and workers offering medical and welfare services. Currently, in addition to strengthening our customer base and pool of registered workers, we leverage such customer base to develop and deliver new products.

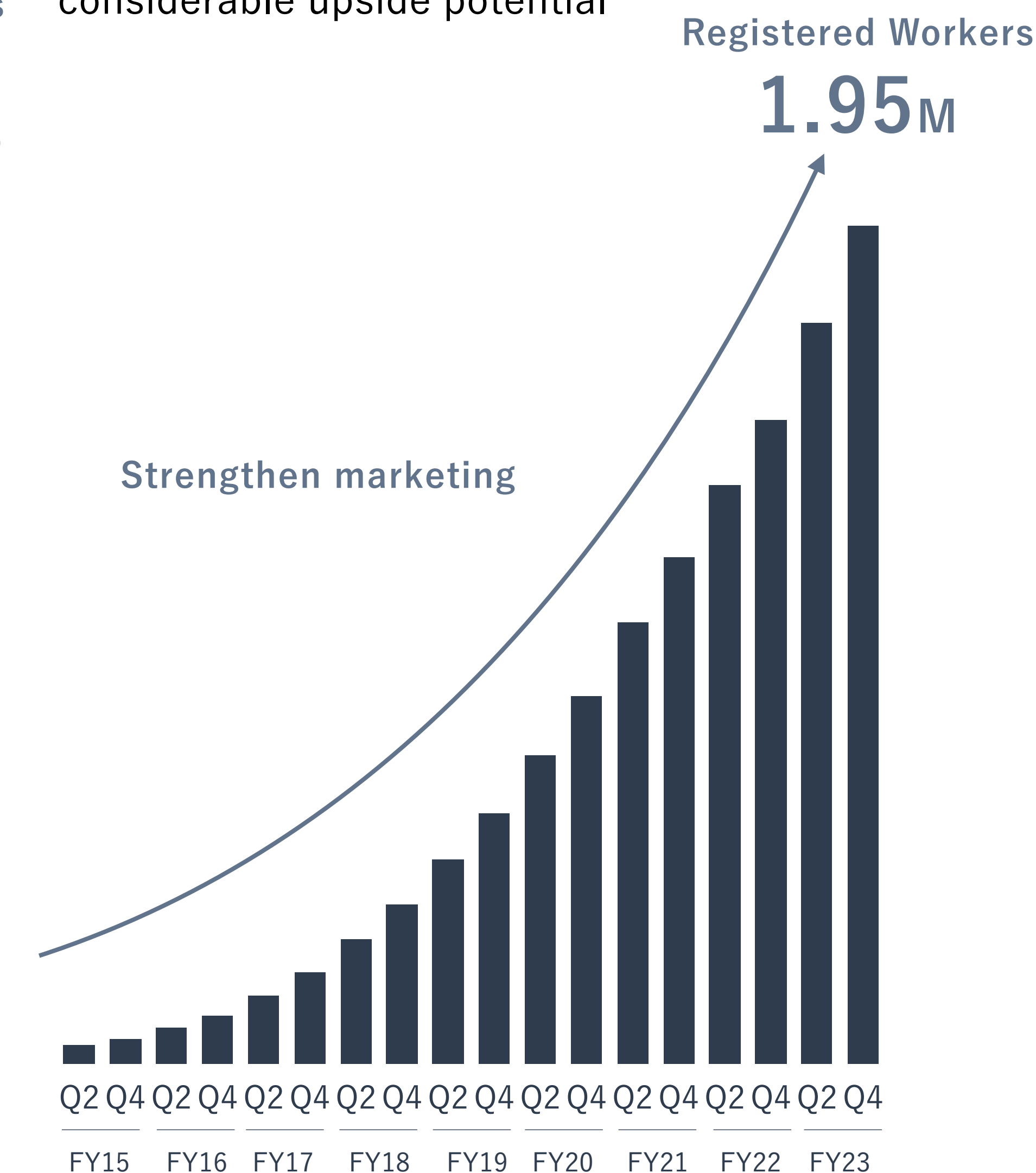
## Maximize Number of Customers

- There are 1.1 million<sup>(1)</sup> target customers in Japan, thus continue to see sizable upside potential

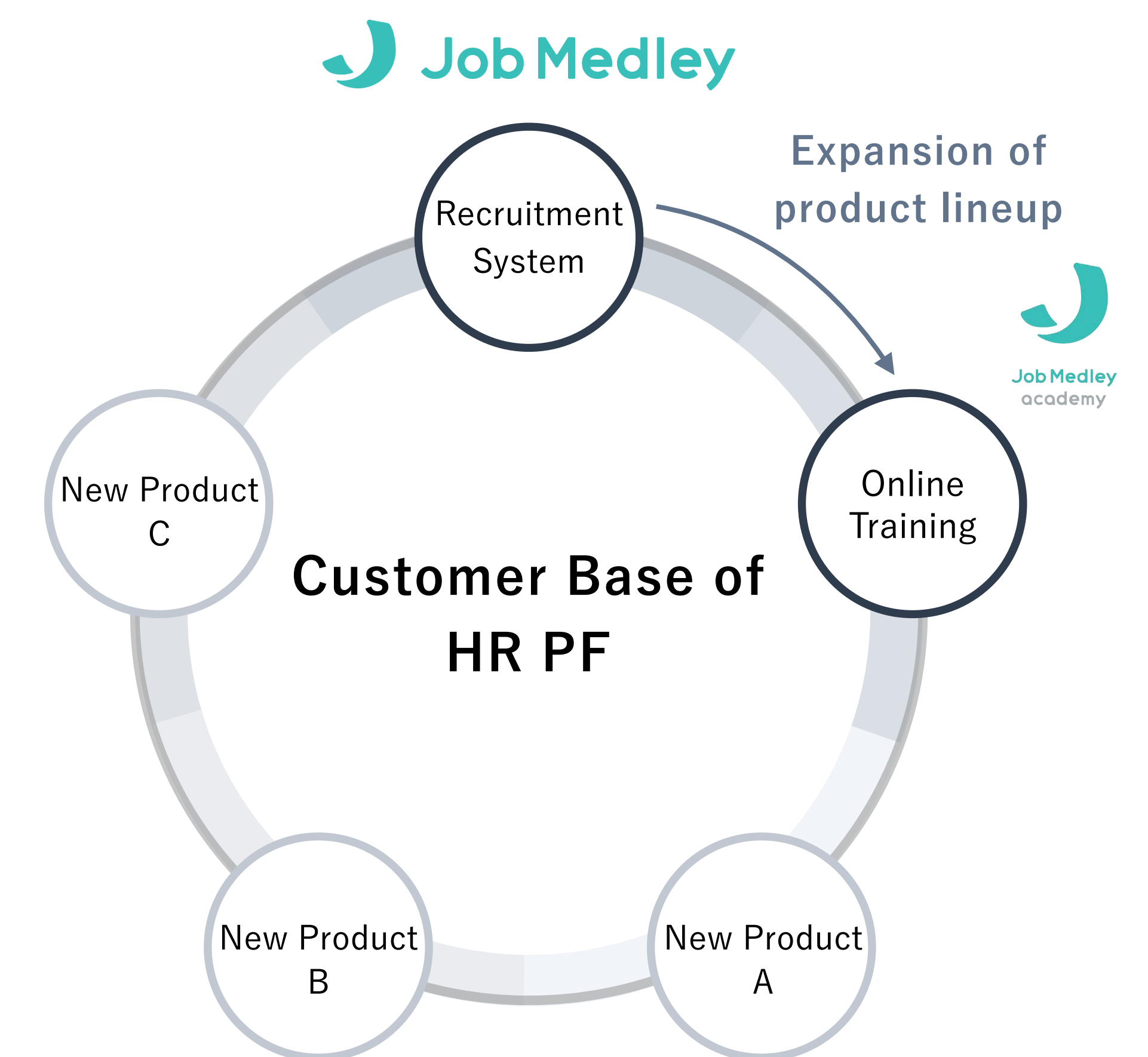


## Improve ARPU

- There are over 10 million<sup>(1)</sup> medical industry workers in Japan, thus continue to see considerable upside potential



- Leverage the customer base for our recruitment systems and promote digitalization of related operations such as online training, etc.

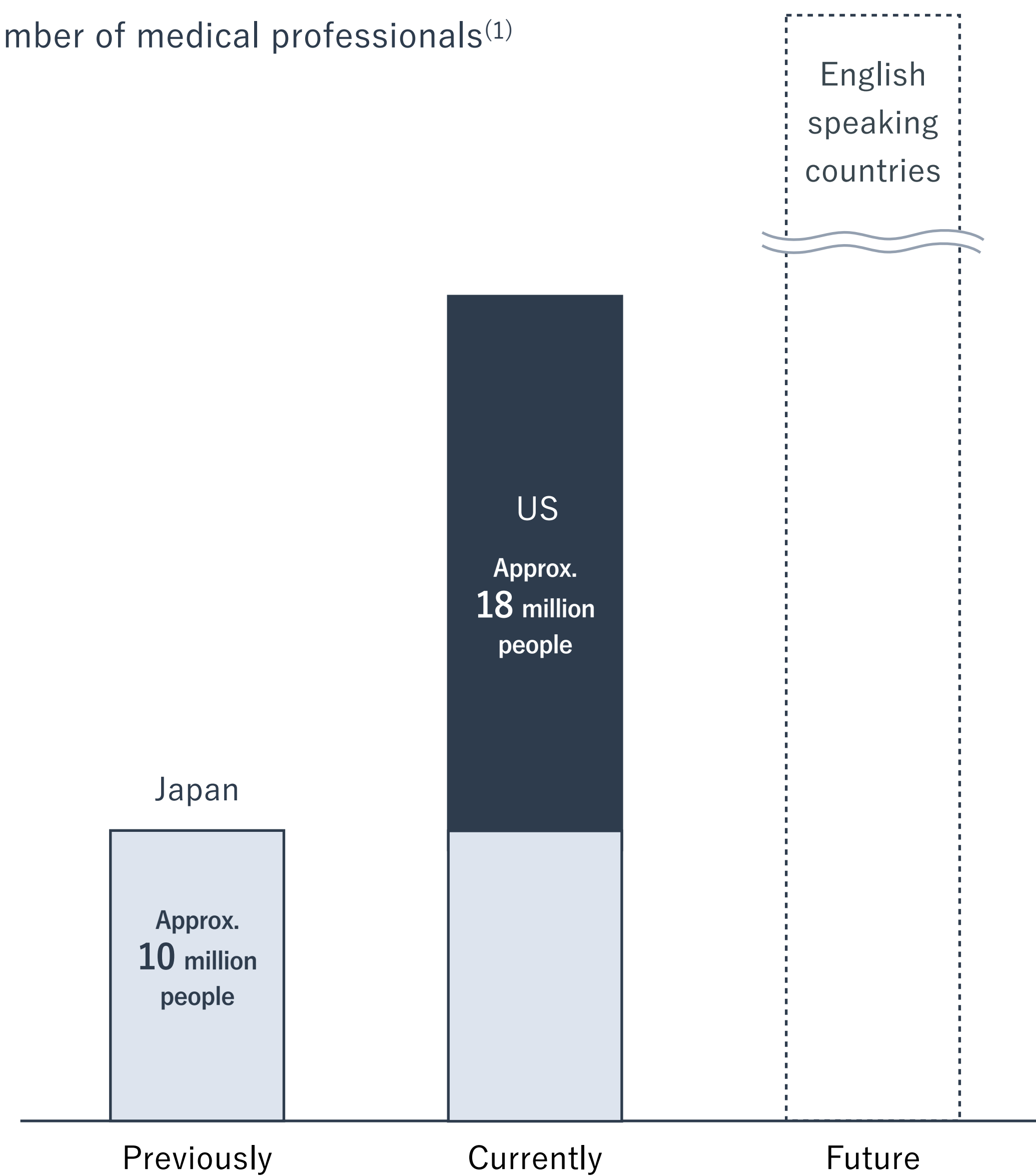


(1) Ministry of Health, Labour and Welfare, Ministry of Internal Affairs and Communications etc. statistics

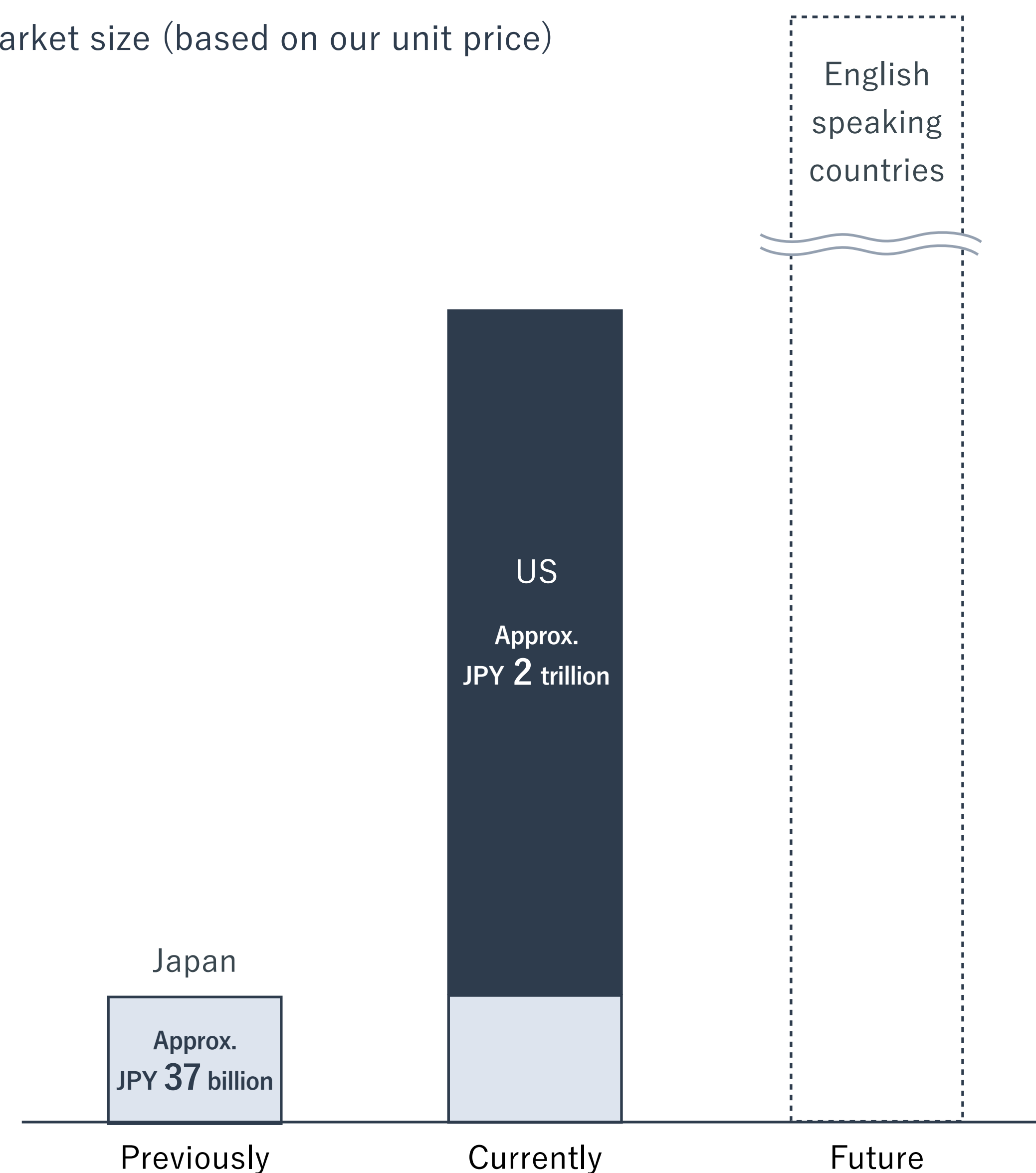
In the HR PF Business, as part of our first overseas business, we are expanding our TAM in the US market. By combining development and operations in Japan and the Philippines, where labor costs are lower than in the US, we aim to achieve better performance on business investments than that achieved in Japan alone. Our basic plan is to first make US operations profitable and then expand operations to other English-speaking countries.

## Expansion of TAM<sup>(1)</sup>

Number of medical professionals<sup>(1)</sup>



Market size (based on our unit price)



(1) For Japan: Based on the average annual hiring rate for "medical and welfare" and "lifestyle-related services" categories (approximately 16% for medical and welfare and approximately 25% for lifestyle-related services, total of approximately 1.68 million persons) in the FY2019 Survey on Employment Trends and the average unit cost per hire for JobMedley for each job category. For the US: Our estimates are based on publicly available information. (Assuming \$1=JPY150)

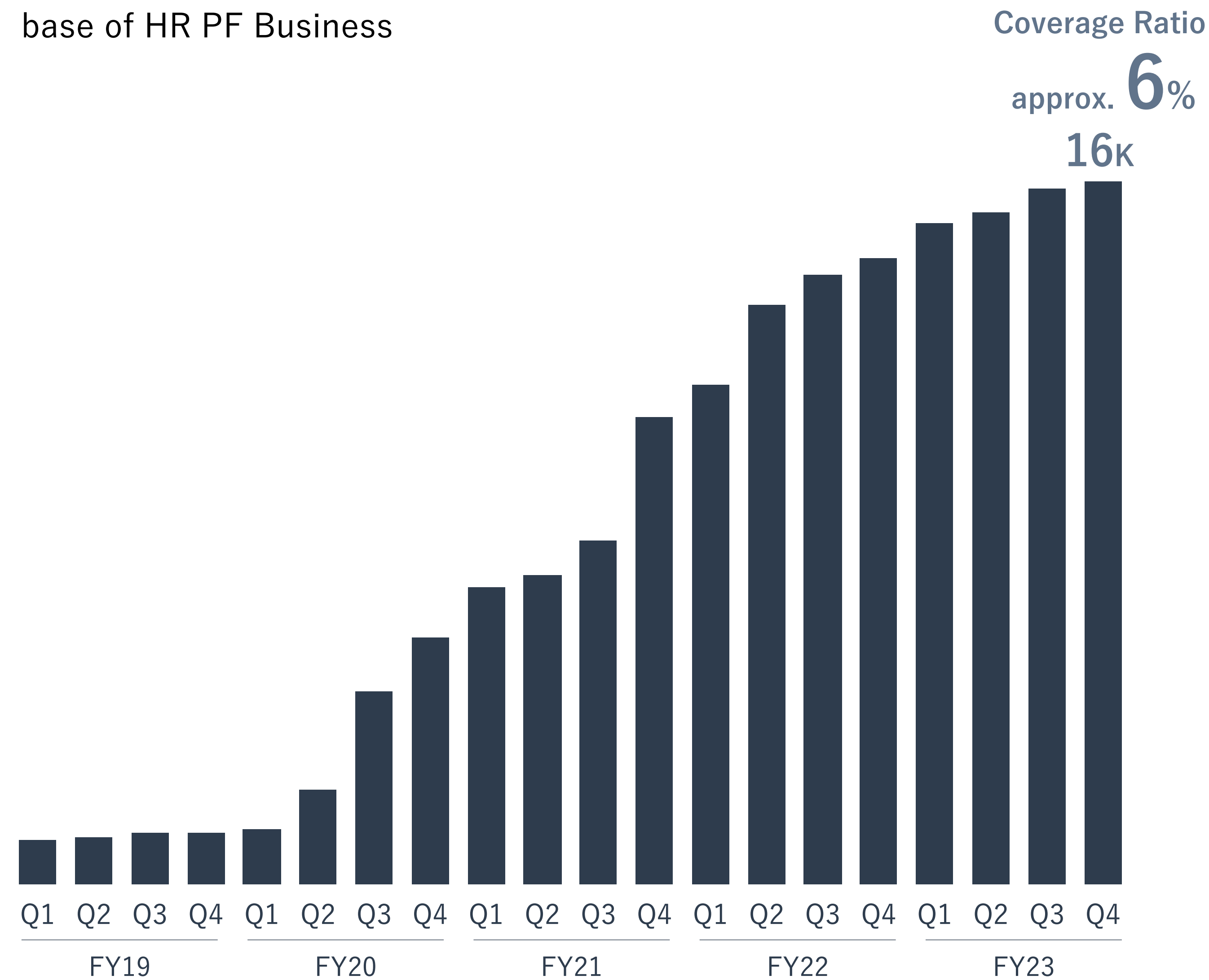
# Medical PF: Improved ARPU via Synergy with HR PF Business Customer Base



In the Medical PF Business, we help our customers improve operational efficiencies, as well as contact with patient by use of digital technology. We are currently focused on developing SaaS products and, in addition to leveraging the customer base of our HR PF Business to expand the number of customer offices, we are improving ARPU by strengthening our product lineup.

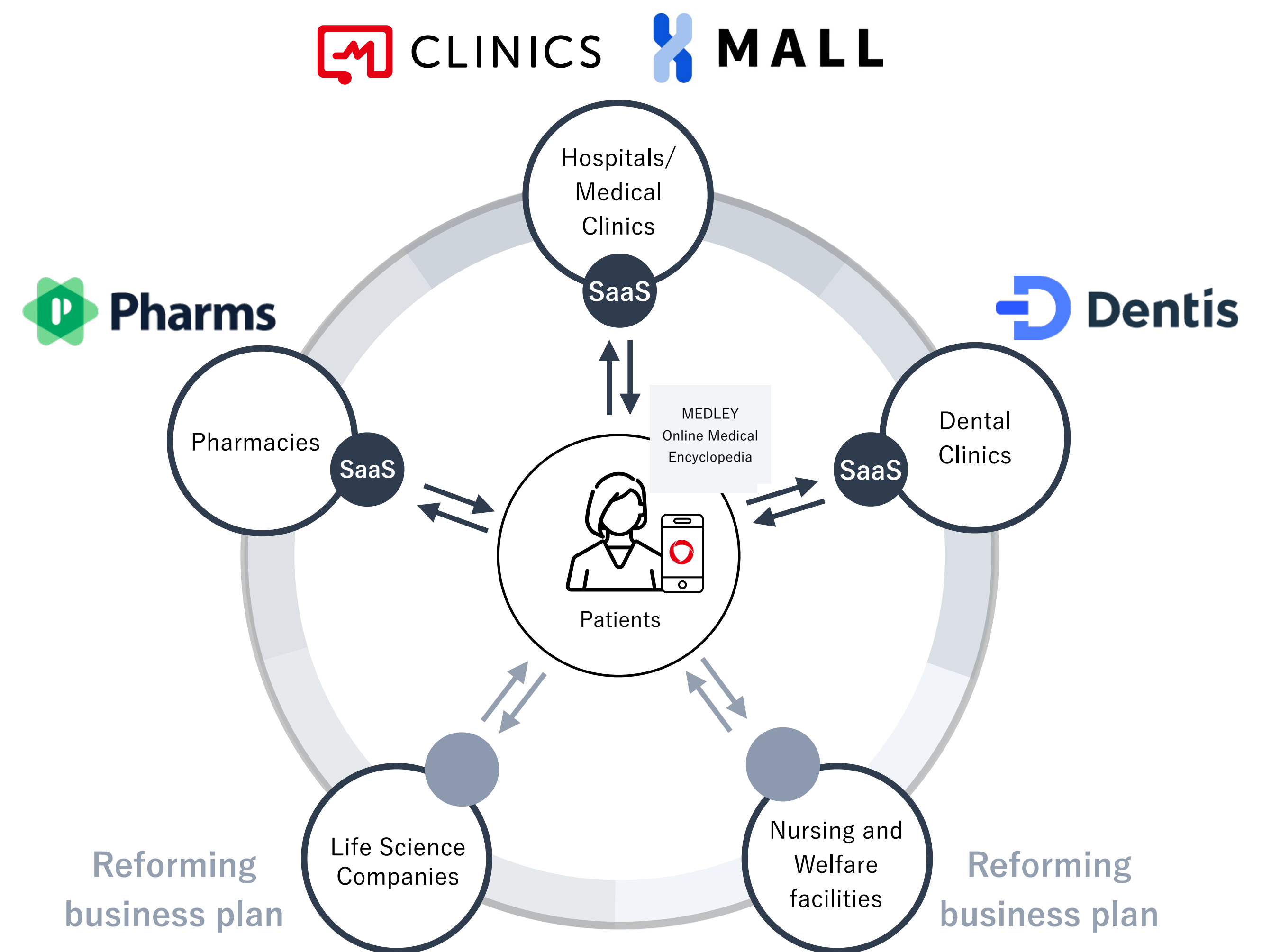
## Maximize Number of Customers

- Target customer base has sizable upside potential with roughly 260k<sup>(1)</sup> hospitals, clinics, pharmacies, and dental clinics
- Conducted sales promotion that leveraged synergies with the customer base of HR PF Business



## Improve ARPU

- Room for improvement of boosting efficiency of medical institutions' operations and enhancing patients' experiences by strengthening our product lineup



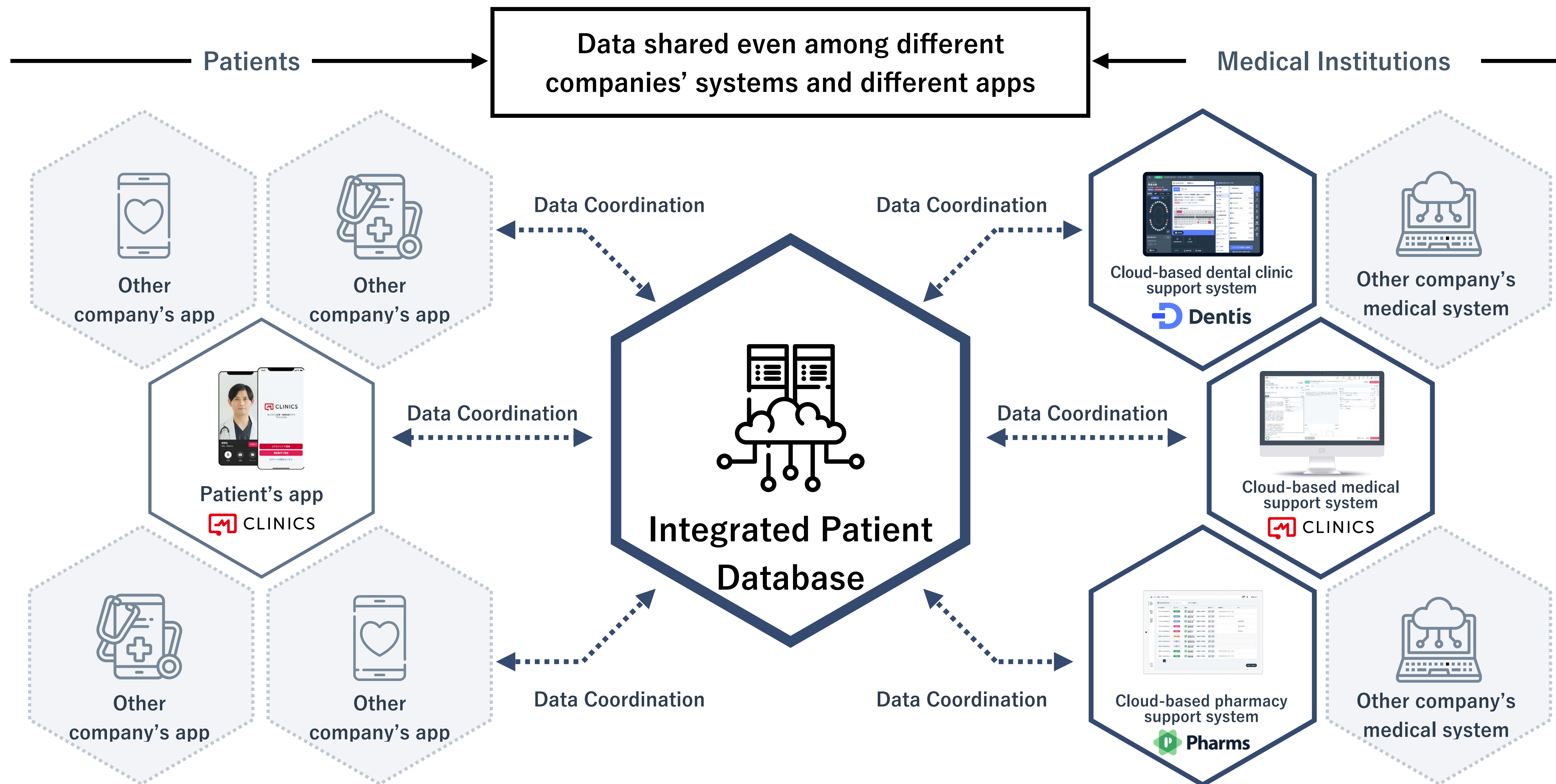
(1) Ministry of Health, Labour and Welfare statistics



# Medical PF: Product Development Using Integrated Patient Database as a Core Technology



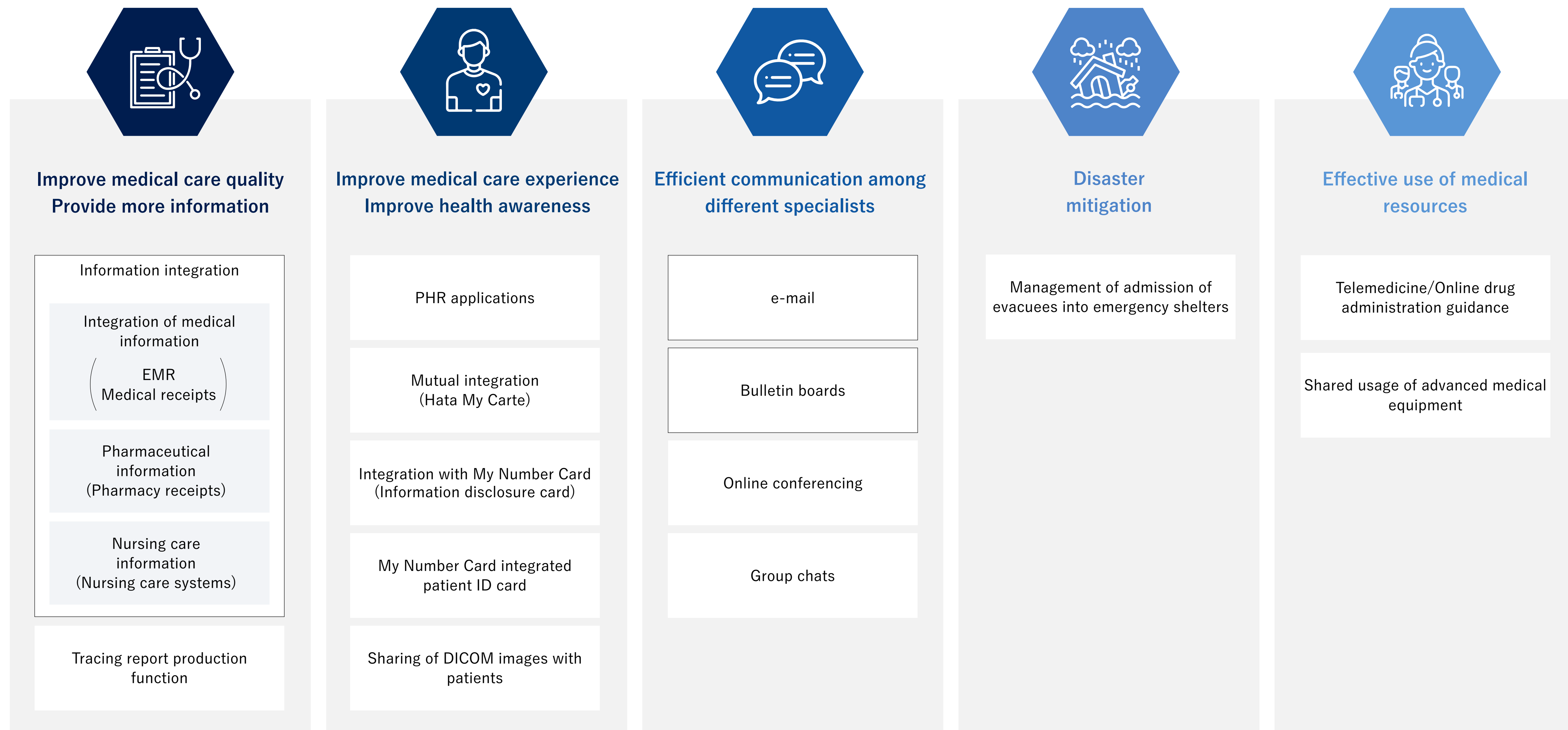
Many of the products provided by Medical PF Business use as a core technology our patient integration platform, which allows the sharing of medical data between different medical systems and applications used by patients (Japanese patent registration number 6921177). We will raise the overall efficiency of medical services by improving patient access to medical healthcare services.





One of the unique features of our customer base is that it covers over 30% of medical and welfare offices from a wide range of categories including hospitals, clinics, pharmacies, and nursing care and public welfare facilities. We will leverage our customer base to help increase the efficiency of regional medical coordination.

Example of Hatamarunet, the special medical zone of Hata district (Kochi prefecture)



In order to reach our mid-term targets ahead of schedule, we will proactively invest capital secured via operating cash flow and interest-bearing debt into our business and acquisitions, while keeping companywide profit growth as our principal policy. That said, if attractive investment opportunities arise, we will prioritize these opportunities over profit growth.

Priority (in principle)	Uses of funds	Sources of funds
<div style="border: 1px solid black; padding: 5px;"> <span style="float: left; margin-right: 5px;">A</span> <b>Investment in businesses</b> </div>	<ul style="list-style-type: none"> <li>• <b>Prioritize investment opportunities, while maintaining companywide profit growth as our main policy</b> <ul style="list-style-type: none"> <li>- Make use of cost merits on a pretax investment basis</li> </ul> </li> <li>• <b>Maximize number of customers and achieve ARPU growth</b> <ul style="list-style-type: none"> <li>- Continue to leverage cost leadership of JobMedley</li> <li>- Improve utilization rate and product lineup</li> </ul> </li> </ul>	<div style="border: 1px solid black; padding: 5px;"> <span style="float: left; margin-right: 5px;">C</span> <b>Operating cash flows from profitable businesses</b> </div>
<div style="border: 1px solid black; padding: 5px;"> <span style="float: left; margin-right: 5px;">B</span> <b>M&amp;A</b> </div>	<ul style="list-style-type: none"> <li>• <b>Focus on synergy</b> <ul style="list-style-type: none"> <li>- Sizable customer base</li> <li>- Internet product development knowhow</li> <li>- Digital marketing knowhow</li> </ul> </li> <li>• <b>PMI based on our Global One initiative (p.28)</b></li> </ul>	<div style="border: 1px solid black; padding: 5px;"> <span style="float: left; margin-right: 5px;">D</span> <b>Debt</b> </div>
<div style="border: 1px solid black; padding: 5px;"> <b>Share repurchase</b> </div>	<ul style="list-style-type: none"> <li>• <b>Flexible investments based on factors such as our share price, market conditions, cost of capital, and our financing capacity</b></li> </ul>	<div style="border: 1px solid black; padding: 5px;"> <span style="float: left; margin-right: 5px;">D</span> <b>Equity</b> </div>

# A: Investment in Growth Targeting Maximization of Customer Numbers and Improvement of ARPU

We will proactively invest capital secured via operating cash flow and interest-bearing debt, while keeping company-side profit growth as our main policy. That said, if attractive investment opportunities arise, we will prioritize these opportunities over profit growth.

## Investment in Businesses

**Prioritize investment opportunities, while maintaining companywide profit growth as our main policy**

- Focus on achieving cost merits on a pretax investment basis, while also focusing on merits from after-tax capital base strengthening

**Focus on sound unit economics**

- Confirm investment return periods and LTV/CAC for all businesses
- Determine profitability timing and invest proactively in businesses with sound unit economics

## Maximization of Customer Numbers

**Strengthen customer base by leveraging JobMedley's cost leadership**

- Maintain current customer acquisition pace
- Proactively pursue cross-selling by leveraging group-wide customer management system

## ARPU Improvement

### ① Increase customer usage rate

- Continuous improvement

### ② Strengthen product lineup

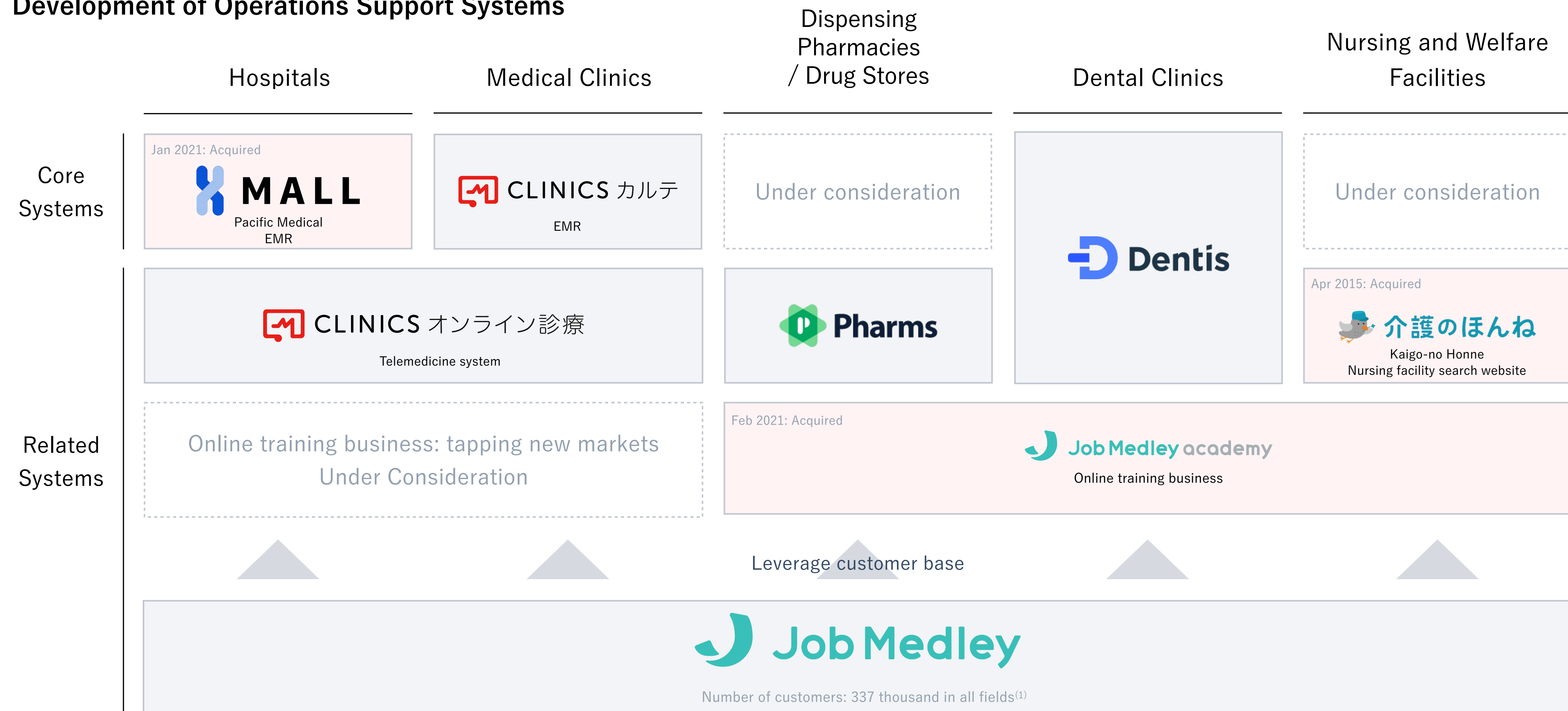
- New services under development
- Proactively pursue business and capital alliances with other companies



# B: Promoting Digitalization in the Healthcare Sector Through Synergy-Focused M&A

We view M&A as an important growth driver. Our group companies will work together to promote digitalization by focusing on creating synergies utilizing our robust customer base in the healthcare sector.

## Development of Operations Support Systems



(1) As of end of December 2023



We must develop a wide range of systems in order to achieve our mission of “Creating the future of medical healthcare” wherein patients are able to make full use of medical care, medical institutions are efficiently managed, and governments are able to optimally allocate medical resources. We plan to expand our businesses through in-house development, M&A, and Open Innovation. Below, we provide an overview of completed M&A.

Name	Impacted segment	Time of grouping	Status
<b>Lalune</b>	Medical PF	Feb. 2024	<ul style="list-style-type: none"> <li>Executed an absorption-type demerger agreement in Oct. 2023, and consolidated in Feb. 2024</li> <li>Creation of synergies with our business to improve patients' medical access</li> </ul>
<b>GCM</b>	New Services	Jul. 2023	<ul style="list-style-type: none"> <li>Leverage customer base to further expand the business</li> <li>Improve efficiency of business operations with technology utilization</li> </ul>
<b>Tenxia</b>	HR PF	Sep. 2022	<ul style="list-style-type: none"> <li>Initiatives to generate long-term synergies with recruitment system</li> <li>Integrated into Medley in February 2023</li> </ul>
<b>minacolor</b>	Medical PF	Oct. 2021	<ul style="list-style-type: none"> <li>Jointly operated with NTT DOCOMO since 2022 via a joint venture. <u>Sold our stake on Feb. 21, 2024.</u></li> </ul>
<b>MEDiPASS</b>	HR PF/Medical PF / New Services	Feb. 2021	<ul style="list-style-type: none"> <li>Integrated online training business with Medley in January 2022, improved core functions, and developed multilingual support</li> <li>Regarding other MEDiPASS businesses, withdrew from the staffing businesses (sales expected to decline in some businesses in FY2022)</li> </ul>
<b>Pacific Medical</b>	Medical PF	Jan. 2021	<ul style="list-style-type: none"> <li>Strengthened sales and marketing of EMR systems to small-and-medium-sized hospitals</li> <li>Leveraged existing assets to develop MINET, a regional medical cooperation and group management system for medical corporations</li> <li><u>Expect to raise our current 80% equity stake to 100% in the future</u></li> </ul>
<b>Proof-of-concept testing base</b>	Medical PF	Dec. 2020	<ul style="list-style-type: none"> <li>Ownership of facilities where proof-of-concept testing for Pharms system for pharmacies was conducted contributed considerably to development of Pharms</li> <li>As facilities where proof-of-concept testing is conducted must serve as models for the future, we consider to retain ownership of other facilities formats</li> </ul>
<b>Other</b>	Medical PF	Jun. 2020	<ul style="list-style-type: none"> <li>Acquired knowhow and customer accounts by securing EMRs of other companies. Partial transfer of EMRs completed</li> </ul>
<b>Source code of dental receipt computer</b>	Medical PF	Aug. 2019	<ul style="list-style-type: none"> <li>Leveraged knowhow to completely rebuild system assets acquired in 2019 and released new system Dentis in January 2022</li> </ul>
<b>NaCl MEDICAL</b>	Medical PF	Mar. 2019	<ul style="list-style-type: none"> <li>Made progress in development of new cloud-based receipt computer and merged the company with Medley</li> </ul>

# C: Increase Operating Cash Flow by Making Loss-making Businesses Profitable in Line with Our Plans



We focus on our companywide sales growth rate. For individual businesses, we not only make commitments regarding sales growth rates, but we also set target years for bringing lossmaking businesses into the black and will increase operating cash flow in line with our plans. JobMedley Academy and Pharms became profitable on FY2023. However, the timing of the turnaround for CLINICS EMR and Kaigo no Honne was pushed back by one year due to delays in ARPU improvement.

Cash generation phase: Positive operating cash flow

Profitability phase: Operating cash flow negative, but unit economics sound (return on investment expected)

Commercialization phase: Creation of business model targeting generation of operating cash flow, unit economics carefully monitored

	Profitable in FY2023	In the red in FY2023	
	Cash generation phase	Profitability phase	Commercialization phase
HR PF	 		
Medical PF	  	<div style="border: 1px solid black; padding: 5px; margin-bottom: 10px;"> </div> <div style="border: 1px solid black; padding: 5px;"> <ul style="list-style-type: none"> <li>• Launched in January FY22</li> <li>• Business for dental clinics</li> </ul> </div>	<ul style="list-style-type: none"> <li>• Preparation for next phase</li> <li>• No expansion of losses</li> </ul> <div style="border: 1px dashed black; padding: 5px; margin-top: 20px;"> <p><b>New Development (Receipt Computer)</b></p> <ul style="list-style-type: none"> <li>• Started in FY23</li> </ul> </div>
New Services	<div style="border: 1px dashed black; padding: 5px; margin-bottom: 10px;"> <p><b>Expected to turn profitable in FY25</b></p> </div> <div style="border: 1px dashed black; padding: 5px;"> <p><b>Expected to turn profitable in FY26</b></p> </div> <div style="border: 1px solid black; padding: 5px; margin-top: 20px;"> <p><b>Factoring business</b></p> </div>	<div style="border: 1px solid black; padding: 5px;">   <small>Kaigo-no Honne Nursing facility search website</small> </div>	<div style="border: 1px dashed black; padding: 5px; margin-bottom: 10px;"> <p><b>Recruitment System in the US</b></p> </div> <div style="border: 1px dashed black; padding: 5px;"> <p><b>EMR for Acute Care Hospitals</b></p> </div>



We set a high ratio of cash and deposits in order to make flexible investments. In addition to cash flow from operations, we have a strong financial base funded by equity offerings and by bank loans. We seek for appropriate use of capital as attractive investment opportunities are expected under market fluctuations.

### Current Financial Position and Policy

B/S as of December 2023  
(JPY million)

#### Plans for use of cash and deposits

- Increasing working capital
- Investment in new/existing businesses to drive medium- to long-term growth
- M&A
- Capital allocated to address emerging risks

	Cash raised from LOC	Untapped LOC 2,700
Cash and deposits 15,354	Debt 1,660	
	Other liabilities 6,132	
Other assets 10,076	Net assets 17,637	

Make appropriate use of debt whilst monitoring cost of capital

Secure more LOC and increase borrowings to take advantage of business opportunities

- May 2020: Long-term borrowings JPY 0.5bn
- November 2020: Long-term borrowings JPY 3.0bn

+ Borrowings (max. JPY 11.8bn) for new acquisition announced in January 2024

September 2020:

Conducted JPY 5.4bn public offering

- HR PF: JPY 2.8bn
- Medical PF: JPY 2.6bn

May 2021:

Conducted JPY 5.1bn third-party allotment

- Allocation to M&A

December 2021:

Repurchased JPY 1.8bn of shares

Capital ratio: 69.0%, D/E ratio: 0.09x

# HR PF: Success-fee-based Hiring Support System for Medical / Healthcare Industry

JobMedley is a recruitment system used by businesses (mainly medical institutions) in the nursing, childcare, and healthcare fields. Recruitment information for over 50 types of qualified professionals can be entered into the system and placement fee is charged when a placement is successfully made. The placement fee varies depending on the occupation type and hiring classification.

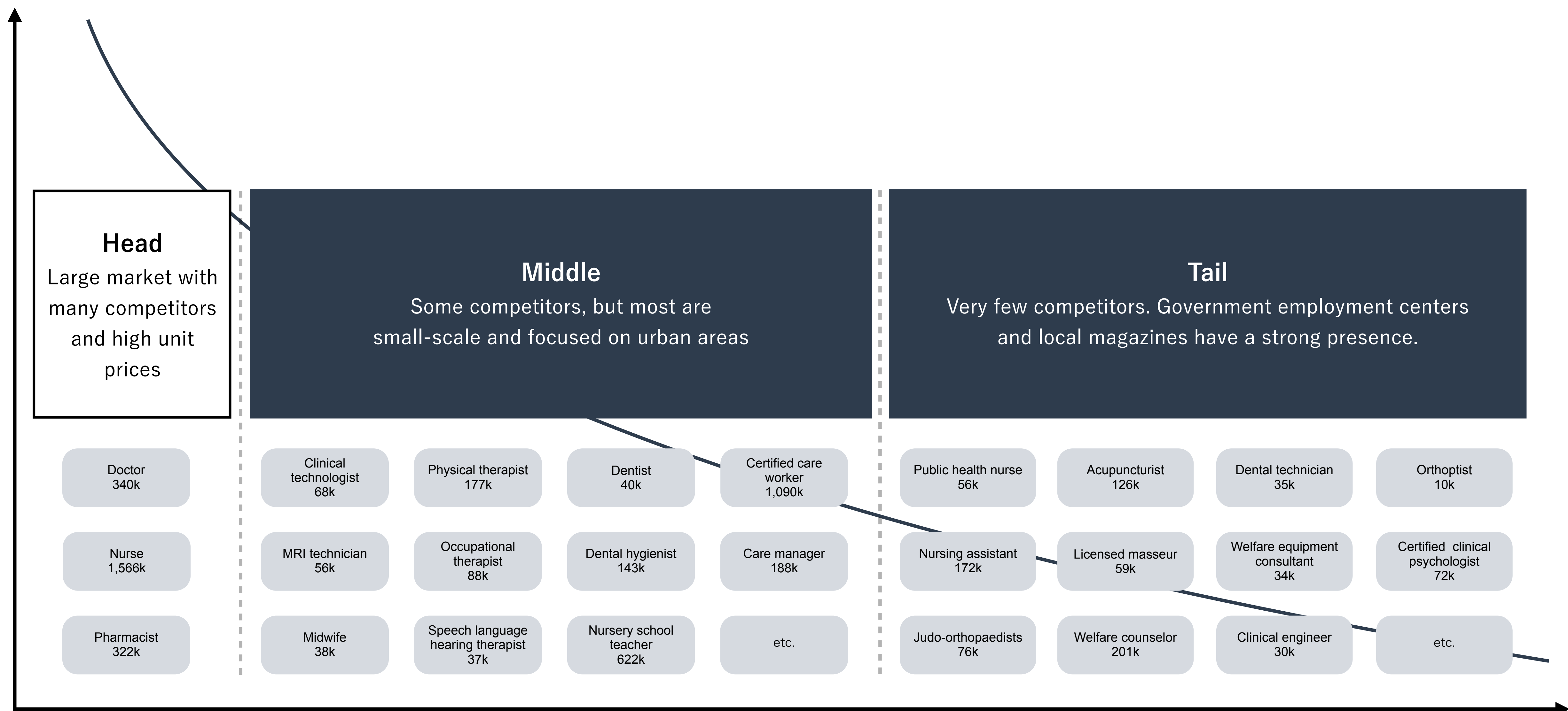




# HR PF: Industry Has a Long-tail Structure: Our Strengths Are in the Middle and Tail Segments

Out of the 10 million workers in the medical/beauty healthcare industry, 22% are doctors, nurses, and pharmacists, who are highly competitive in terms of job placement. On the other hand, there are few competitors in the remaining 78% - the middle and tail segments - where we have captured a leading market share. We currently have over 1.9 million users in more than 50 occupations registered in our platform and we have seen expansion in the Head segment in recent years.

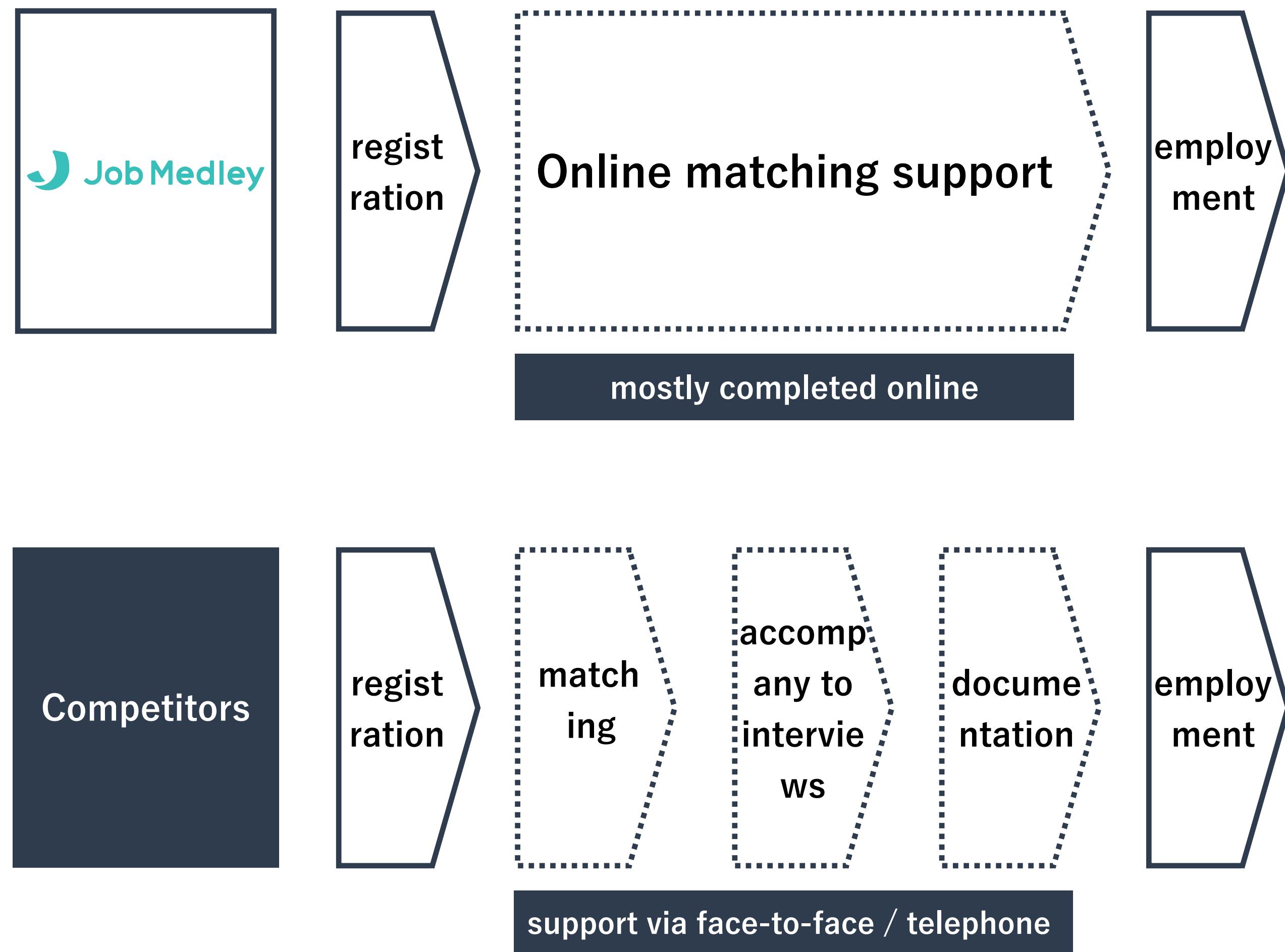
Our Target Area<sup>(1)</sup>



(1) Ministry of Health, Labour and Welfare statistics

JobMedley covers more than 50 different types of medical/healthcare occupations, and recruitment success fee is approximately 50 - 80% lower than the industry average. While many recruitment agencies conduct most of their business in person, JobMedley uses online support staff, thereby increasing efficiency and enabling lower fees.

## Improved Efficiency by Leveraging Online Support



## Price Advantages

Success Fee (of annual income; back calculation)

**2~13%**<sup>(1)</sup>

Success Fee (of annual income)

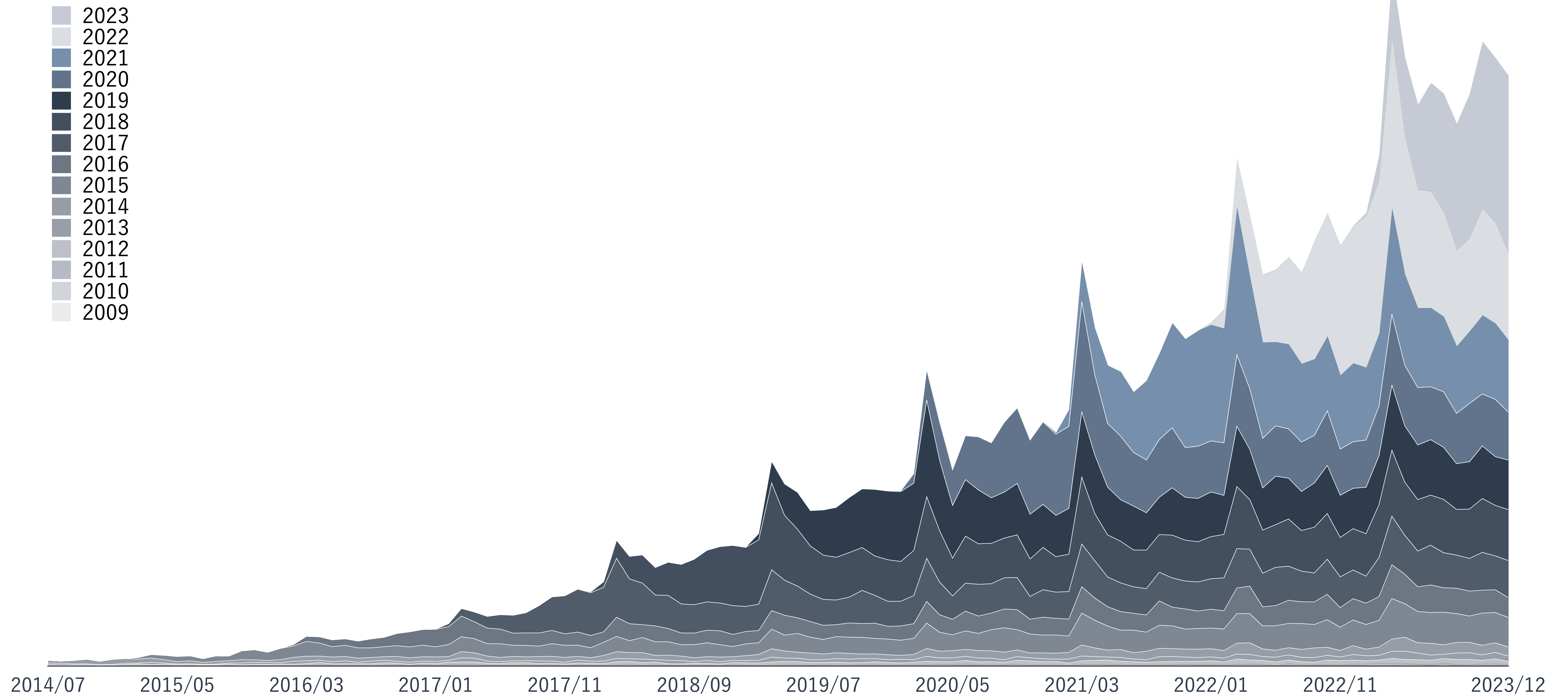
**Major Recruitment Agencies** **20~35%**<sup>(2)</sup>

(1) Ratio of our recruitment success fee to annual salary (full-time) is calculated based on the 2018 Basic Survey on Wage Structure (range of nurses, childcare professionals, physiotherapists, dentists, and caregivers).

(2) This refers to typical fees for recruitment services for occupations such as doctors, nurses, childcare professionals, physical therapists, dentists, and care workers among the 50 occupations we handle. (Some recruitment services employ different methods for setting success fee amounts that are different from that described above.)

We are building a stable customer base by encouraging customers to become repeat users of JobMedley. Recently acquired customers are making extensive use of our scouting functions. This has boosted the ratio of applicants per job offering and contributed to sales growth.

Sales by Customer Acquisition Year<sup>(1)</sup>

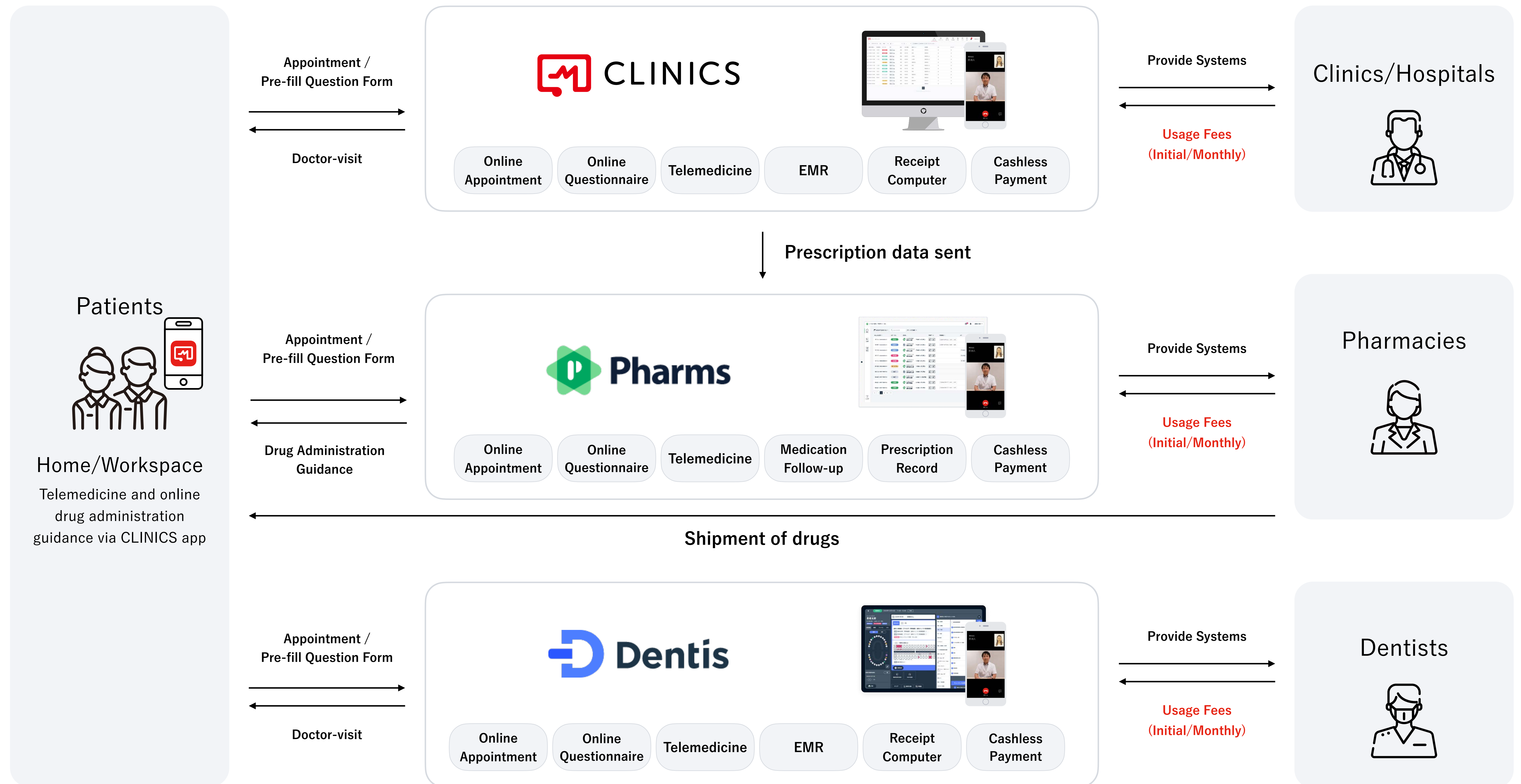


(1) Based on per-customer monthly orders/sales value data.



# Medical PF: Earnings Model: Platform Fee From Medical Institutions

CLINICS, Pharms, and Dentis employ an earnings model whereby it receives system usage fees from clinics, hospitals, pharmacies, and dental clinics. Usage fees include initial fees for installation and monthly fee payments. These systems and CLINICS app offer patients a seamless online and offline medical experience from treatment to drug administration guidance.

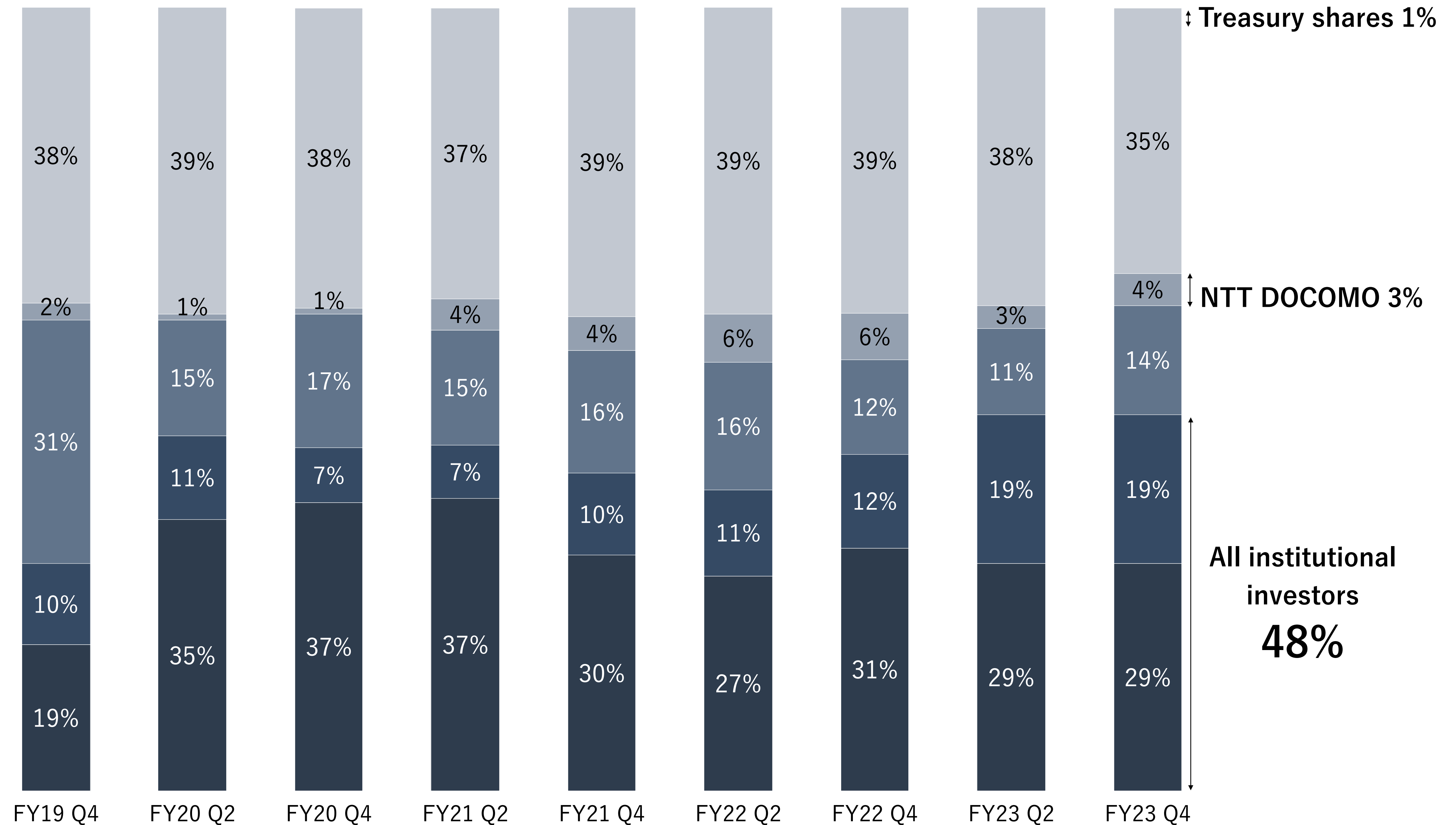




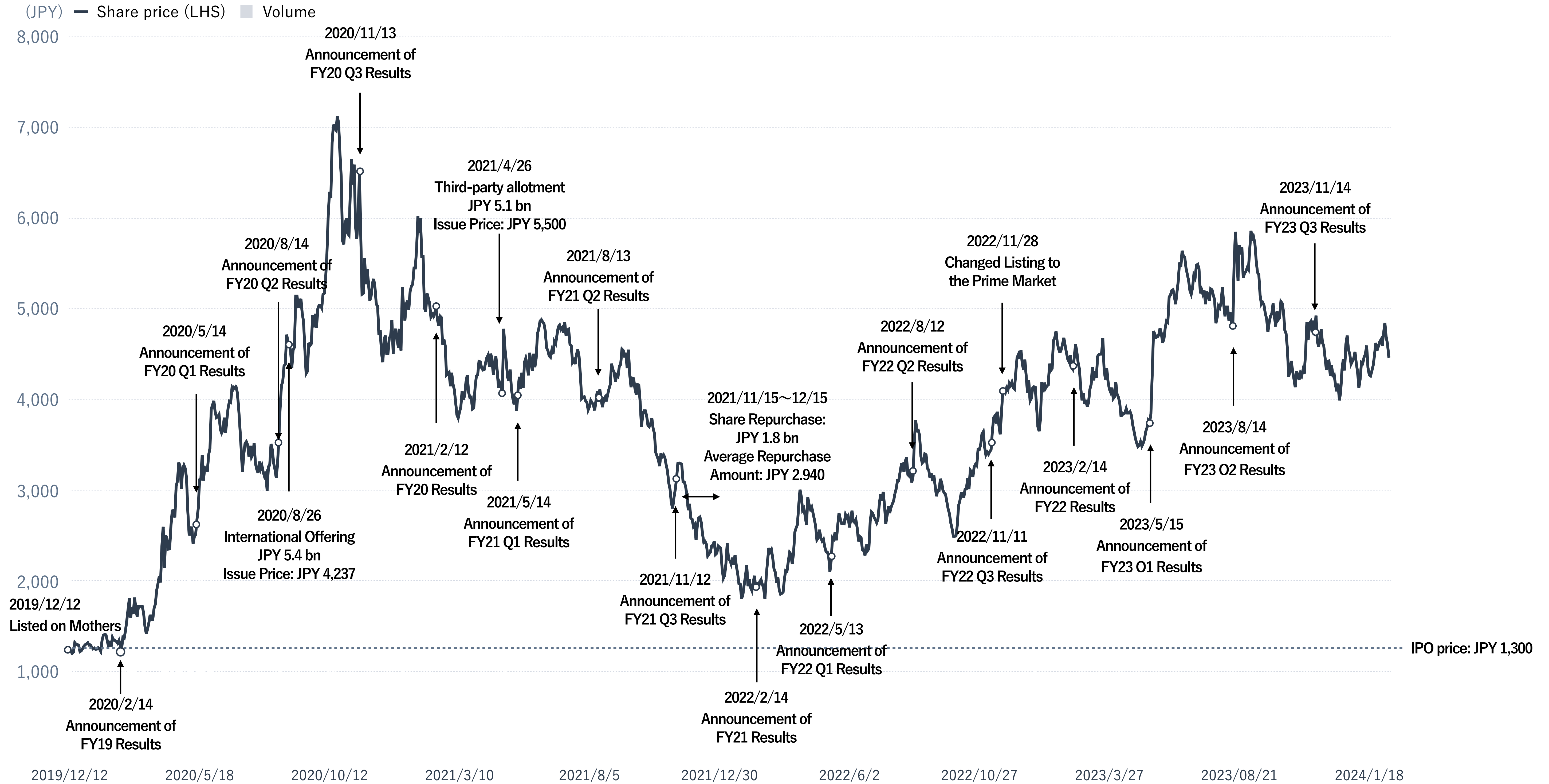
# Change in Ratio of Ownership

The ratio of institutional investors, mainly overseas institutional investors, accounts for 48% as of end-December 2023. We will continue to endeavor to provide robust disclosure that helps both institutional and individual long-term investors make investment decisions.

- Executive and employees, Treasury shares
- Other Corporates
- Individual investors
- Domestic institutional investors
- Foreign institutional investors



# Historical Share Price



We prioritize issues to be addressed (materiality) in order to meet the expectations and demands of our stakeholders. Our materiality is determined based on issues directly related to our mission, “Creating the future of medical and healthcare”. By working to solve these critical issues, we strive to continuously contribute to society while increasing enterprise value.

## Creating the Future of Medical and Healthcare

Solutions for social challenges through our businesses

### Promotion of digitalization in medical and healthcare industry



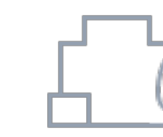
For medical providers

- Streamlining operation through internet products
- Solving lack of workforce in medical and healthcare field



For patients users

- Provision of medical information
- Supports in utilizing medical services



For government & communities

- Participation in proof-of-concept testing/information provision
- Supports for disaster areas
- Supports for infection prevention measures

Fundamentals backing our businesses

### Ensuring information security and privacy protection

- Ensuring information security
- Privacy protection of users

### Promotion of diversity & inclusion

- Promotion of hiring and active participation of diverse human resources

### Strengthening of governance

- Strengthening of corporate governance

For more information, access our corporate website.





Creating the Future of Medical and Healthcare